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THIRD SESSION—EIGHTEENTH PARLIAMENT

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CANADA

House of Commons Debates

OFFICIAL REPORT

Friday, April 8, 1938

The house met at three o'clock.

GERMAN PLEBISCITE

POLLING OF VOTE OF GERMAN NATIONALS IN CANADA WITH RESPECT TO AUSTRIA

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Possibly the house will permit me, before we reach the special order, to answer a question asked yesterday by the right hon. leader of the opposition (Mr. Bennett) with reference to the German plebiscite to be taken on April 10. My right hon. friend asked:

(1) Has the German government asked the Canadian government to provide facilities for the vote?

(2) What reply was made?

(3) What steps have been taken to ascertain if any of those who claim the right to vote have been naturalized?

The answer to the first question is "no," and consequently no answer is required to the second.

With regard to the third question, I might say it is not anticipated that any German nationals resident in Canada will participate in the plebiscite. No question arises of German nationals voting in Canada. The present plebiscite is being held under the provisions of the German electoral law of 1933, as amended in 1935, whereby German nationals living abroad are accorded the right, although they are not obligated to exercise it, of securing from the German consular authorities in the countries in which they reside voting certificates, which are accorded on proof of their German nationality. These voting certificates permit them to vote in German elections either: (1) by returning to Germany; or (2) by taking passage on a German ship and voting on the high seas.

The law provides that if a minimum of ten German nationals in a particular port request it, and a German ship is available in port, the German nationals may be taken outside the territorial waters and permitted to vote. In the present instance, while the plebiscite is to be held on April 10, there are provisions to cover special cases, which would permit voting at any time between April 1 and April 15. I have been informed by the German consulate that in so far as they are aware, no arrangements have been made either in eastern or in western Canada for German nationals resident in Canada to take advantage of these provisions.

It is unlikely that there would be any substantial number of naturalized Germans in Canada who would be eligible to participate in the plebiscite. As a general rule, under the provisions of German law, a German loses his German citizenship upon naturalization in Canada. There are a few relatively unimportant exceptions to this rule.

There is a possibility that there might be persons resident in Canada who had been naturalized under the provisions of the Naturalization Act and who, notwithstanding such naturalization, were recognized by German law as retaining German citizenship. There is a further possibility that such persons might be in a position where they could participate in the plebiscite. If they did so participate, they would be subject to section 9 of the Naturalization Act which makes provision for the revocation of certificates of naturalization by the governor general in council on report of the Secretary of State of Canada.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I think the country will be pleased to receive the answer that the Prime Minister (Mr. Mackenzie King) has been good enough to make. There arises out of the last part of the answer, however, a question that need not be elaborated now, but an opportunity may be offered again to do so. The truth is that numbers of Germans who had been naturalized in this country responded to the call of their country in 1914, and they gave us to understand that they felt they were bound to do so. It was desirable, I think, in view of the statements which appeared in the press, that we

should receive the information that the Prime Minister has been good enough to give us; for it will do something to make clear what I now recall was known in 1934 and 1935 and which I had forgotten entirely until I heard the right hon. gentleman read it, as to the methods which have been provided for taking the opinion of German nationals on matters referred to them by way of plebiscite or otherwise.

Mr. A. W. NEILL (Comox-Alberni): May I ask the Prime Minister if his knowledge of the situation indicates that these privileges of voting extend to the children of naturalized Germans, that is, those born in this country, or is it confined only to German nationals and those naturalized?

Mr. MACKENZIE KING: I do not think children of Germans naturalized in this country would have the right to vote, but I cannot answer the hon. gentleman's question definitely offhand.

CABLE AND WIRELESS RATES

ANNOUNCEMENT TABLED RESPECTING RESULT OF NEGOTIATIONS BY IMPERIAL COMMUNICATIONS ADVISORY COMMITTEE

Hon. C. D. HOWE (Minister of Transport): I wish to lay on the table the official announcement of the new cable and wireless rates which will become effective on the twenty-fifth instant as a result of inquiries and negotiations carried on during the past two years at the instance of the home government and the governments of the various dominions by the imperial communications advisory committee.

SCOTSGUARD, SASK., FARMERS

LACK OF FEED FOR LIVE STOCK OWING TO DISCONTINUANCE OF WINTER FEED

On the orders of the day:

Right Hon. R. B BENNETT (Leader of the Opposition): I should like to bring to the attention of the minister, with the permission of the house, a matter that I was asked urgently to direct to the attention of the government to-day, namely, the inability of the settlers of Scotsguard, Saskatchewan, to obtain feed for their cattle and horses, winter feed having been discontinued, and their being unable to secure adequate information in respect to the applications they have made to the officials in that section I was asked to bring the matter to the attention of the minister in the house in the belief that he would perhaps have more information than anyone else and would see that the matter was at least explained to the settlers in that locality.

[Mr. Bennett.]

PRIVY COUNCIL APPEALS

PROPOSED ABOLITION OF APPEALS TO HIS MAJESTY IN COUNCIL

Hon. C. H. CAHAN (St. Lawrence-St. George) moved the second reading of Bill No. 19, respecting appeals to the Judicial Committee of the Privy Council.

He said: This bill, No. 19, is short, containing only three sections which I propose to place on Hansard:

1. This act may be cited as The Privy Council Appeals Act, 1938.

2. The Judicial Committee Act, 1833, chapter forty-one of the statutes of the United Kingdom of Great Britain and Ireland, 1833 and The Judicial Committee Act, 1844, chapter sixty-nine of the statutes of Great Britain and Ireland, 1844, and all orders, rules or regulations made under the said acts are hereby repealed in so far as the same are part of the law of the Dominion of Canada.

3. Notwithstanding any royal prerogative or anything contained in the Interpretation Act or in the Supreme Court Act or in any other act of the parliament of Canada no appeal shall lie or be brought from any judgment or order of any court in Canada, in relation to any matter within the competence of the parliament of Canada, to any court of appeal, tribunal or authority by which, in the United Kingdom of Great Britain and Northern Ireland, appeals or petitions to his majesty in council may be heard.

Though the British North America Act, 1867, purported to declare that the exclusive legislative authority of the parliament of Canada extends to all matters coming within certain classes of subject mentioned in section 91 of that act, it was nevertheless soon ascertained that the Colonial Laws Validity Act, enacted two years previously by the parliament of the United Kingdom, effectively restricted the field of Canadian legislation.

Section 2 of that act of 1865 provided that:

> Any colonial law which is or shall be in any respect repugnant to the provisions of any act of parliament extending to the colony to which such law may relate . . . shall be read subject to such act . . . and shall to the extent of such repugnancy but not otherwise be and remain absolutely void and inoperative.

The Statute of Westminster, 1931, which enacts statutory bases for the constitutional position established in 1926, provides, in brief:

That the Colonial Laws Validity Act shall no longer apply to any law made after the passage of this act by the parliament of a dominion;

That no law and no provision of any law made after December 11, 1931, by the parliament of a dominion shall be void or inoperative on the ground that it is repugnant to the law of England, or to the provisions of any existing or future act of the parliament

of the United Kingdom, and that the powers of the parliament of a dominion shall include the power to repeal any such act in so far as it is part of the law of the dominion; and

That no act of the parliament of the United Kingdom, passed after December 11, 1931, shall extend to a dominion as part of the law of that dominion unless that dominion has requested and consented to its enactment;

This bill purports to repeal the Judicial Committee Acts of 1833 and 1844 in so far as they form part of the law of this dominion.

In moving for leave to introduce this bill on February 10 last, I pointed out that by the commissions and instructions to governors of the provinces, authorizing the establishment of a judicial system, each governor in council was constituted the highest appellate tribunal in his province, and that such appellate tribunal consisted of the governor and members of his executive council, from whose decisions an appeal lay to the king in council.

That was an appeal from a provincial court, exercising both political and judicial functions, to another court at Westminster consisting of the king in council, which also exercised political as well as judicial functions.

That was the class of appeals which the Judicial Committee Act, 1833, purported to regulate, and eleven years later the Judicial Committee Act, 1844, provided for an appeal to the king in council from any judgment, sentence, decree or order of any inferior court of justice within any British colony or possession abroad. Those two acts of the parliament of the United Kingdom of Great Britain and Ireland, the one 105 years old, the other 94 years old, which were adapted to the times and to the conditions which prevailed before the establishment of responsible government in these colonies—when the government at Westminster, by order in council, arbitrarily exercised supervision and control over all colonies and possessions abroad—this parliament is now invited to repeal, in so far as they now form a part of the law of this dominion.

The judicial functions of governors in council were long ago abolished throughout Canada, but unfortunately the Judicial Committee of the Privy Council, to whom the judicial functions of the king in council were transferred by the Judicial Committee Acts of 1833 and 1844, have never wholly ceased, in the exercise of their political functions, to decide constitutional issues, on appeals from other countries of the empire, on grounds of imperial political policy, which is largely based on considerations of political expediency.

Though Canada is declared to be an autonomous community within the British empire, equal in status to the United Kingdom and to the other dominions of the commonwealth, and in no way subordinate to the United Kingdom in any aspect of our domestic or external affairs, yet a committee of the privy council of the United Kingdom, under those two ancient acts which it is the object of this bill to repeal, still controls and directs the political development of Canada, and dominates the independent judiciary of this country, in respect of all civil matters coming within the appellate jurisdiction of the judicial committee. Their jurisdiction in criminal matters was abolished by this parliament in 1931.

For practical purposes therefore the sovereignty of Canada in civil and constitutional matters now resides in the judicial committee. Its members assume a final veto power over all the important legislation of this parliament. They arrogate to themselves the right to weigh the motives of members of this parliament in enacting such legislation, and, although personally ignorant, except through meagre press reports, of the social, industrial and commercial conditions prevailing throughout this dominion, they arrogate to themselves a prescience and clairvoyance which entitles them to substitute their political judgments, and even their personal preferences, for the deliberate legislative enactments of the elected representatives of the people who sit in the parliament of Canada.

In a debate in the House of Commons at Westminster on March 28, 1867, Mr. Gladstone, referring to the enactment of the British North America Act, 1867, said that this act had been passed—

> . . . with a promptitude which, if it had been a measure affecting ourselves, would have been precipitancy.

This was, however, he continued,

> . . . an acknowledgment of the title of these colonies to deal practically with their own affairs.

Mr. Lowe, afterward Lord Sherbrooke, who followed, remarked that the act had been passed with the expedition commented on by Mr. Gladstone just because parliament felt that it was a matter with which it had only the most formal concern. Nevertheless, the judicial committee, which thereafter continued to exercise political as well as judicial functions, have construed and applied the British North America Act, 1867, as if it were an ordinary enactment of the parliament of Westminster. They have ever evinced an extreme reluctance to inform themselves, in

fact it would appear that they seldom, if ever, inform themselves concerning, and they have refused to refer to the political and parliamentary history of British North America as an aid in construing the original meaning and intent of the British North America Act. It is true that the judicial committee occasionally refer most casually to the intention of the parliament of the United Kingdom in enacting the British North America Act, although in so doing they ignore the fact that in enacting this measure the parliament of the United Kingdom was merely adopting and confirming a draft prepared by Canadian statesmen, who were expressing their final conclusions in the English language as then employed in British America, and that that parliament, without detailed discussion, enacted the bill as it had been drafted. They have therefore repudiated every suggestion that the terms of the act should be construed in accordance with the intentions of those who framed it, as clearly expressed in the public documents and debates which preceded its enactment.

Those who have carefully studied the constitutional development of these British North American colonies will frankly concede that the clear intentions of the Quebec conference resolutions, on which the act of 1867 was based, have in many instances been completely frustrated by decisions of the privy council, which our Canadian courts have been obliged to follow, despite their own opinions to the contrary. In fact, members of the Supreme Court of Canada, in deciding constitutional issues, must frequently refrain from considering the real meaning and intent of the framers of the British North America Act, and restrict their intellectual efforts to ascertaining as best they can the purport of the apparently conflicting decisions of the judicial committee.

Let us take as one example the "peace, order and good government" clause. Section 91 of the British North America Act enacts that:

> 91. It shall be lawful for the queen, by and with the advice and consent of the Senate and House of Commons, to make laws for the peace, order, and good government of Canada, in relation to all matters not coming within the classes of subjects by this act assigned exclusively to the legislatures of the provinces:

This phrase, "to make laws for the peace, order and good government" of Canada had been employed throughout a century in all the royal commissions and instructions to colonial governors in British America; in the Quebec Act of 1774, the Constitutional Act of 1791, and the Union Act of 1840, as clearly indicating that the power to make laws for the peace, order and good government of a colony or province included the power to make any and all laws which were not repugnant to such statutes of the parliament of Great Britain as in terms extended to such colony or province.

Lord Carnarvon, Colonial Secretary, in introducing the British North America bill to the House of Lords on February 19, 1867, said:

> It will be seen under the 91st clause that the classification is not intended to "restrict the generality" of the powers previously given to the central parliament, but that those powers extend to all laws made "for the peace, order and good government" of the confederation—terms which, according to all precedent, will, I understand, carry with them an ample measure of legislative authority.

But during the past seventy years successive decisions of the Judicial Committee of the Privy Council have so far frustrated the intentions of the founders of the Canadian confederacy as to obliterate the residual power of the parliament of the dominion to make "laws for the peace, order and good government of Canada," except in the extreme case of civil strife or insurrection arising in Canada, or in the case of Canada becoming involved in war with a foreign state.

On the other hand, the judicial committee have so extended the legislative jurisdiction of the provinces to make laws "in relation to property and civil rights" as almost to reverse the relations originally intended to exist between federal and provincial powers, by vesting nearly all residual powers in the provinces, under the power to make laws in relation to property and civil rights in the province.

In a recent address at Toronto I explained in detail the origin and evolution of the provisions contained in section 92 of the British North America Act that "in each province the legislature may exclusively make laws in relation to matters coming within" the class of subjects therein designated as "property and civil rights in the province," and I showed quite clearly, I think, that that clause was inserted in section 92 of the British North America Act, as was declared at the time, and as all students of our Canadian history well know, for the protection of those French customs, laws and ordinances which had reference to the personal, family and community life of the French-Canadian people, and which had been definitely ascertained and embodied in the final report made by the commissioners for the codification of the civil law of Quebec on November 24, 1864.

It is perfectly clear, I think, that the framers of the British North America Act, 1867, had clearly in their minds that the matters comprised in the class of subjects designated "property and civil rights in the province" which were exclusively reserved to the provincial legislatures, were such matters of fundamental civil law as related to the ownership, alienation or conveyance and transfer of property, the leasing and mortgaging of property, the devolution of estates by inheritance and by will, rights arising from personal status and domestic relations, legitimacy, minority, capacity to contract or alienate, marriage, judicial separation, tutorship, curatorship and the like, as appear from the statutes and public documents of the century of our history preceding the enactment of the British North America Act.

It was this fundamental body of civil law, then definitely ascertained by the commissioners appointed for that purpose, which was placed within the legislative jurisdiction of each province by the terms of section 92, subsection 13, of the British North America Act:

> 92. In each province the legislature may exclusively make laws in relation to matters coming within the classes of subjects, next hereinafter mentioned; that is to say,—
>
> 13. Property and civil rights in the province.

The words of the statute "in relation to," as they appear in the phrase "in relation to property and civil rights in the province," with its several variations, such as laws "relating to property and civil rights" and laws "relative to property and civil rights," had been previously employed, time and time again, in English and in Canadian statutes and official documents, as meaning the dealing definitely, directly and essentially with certain fundamental laws therein indicated.

The Judicial Committee of the Privy Council have practically eliminated the words "in the province" and have failed to give to these words employed in the statute the restricted signification which was clearly intended by the framers of the British North America Act, and which was attached to them throughout a century of Canadian history. Moreover, the signification of the words "property and civil rights" has been so widely extended that, excepting the subjects specifically enumerated in section 91 of the British North America Act, they are now deemed to include almost every other subject of legislation. In fact the words "in relation to property and civil rights in the province," as now defined by the judicial committee, who have substituted for the words "in relation to" the one word "affecting"—which they employ as meaning incidentally touching upon property and civil rights, not property and civil rights in the province but property and civil rights in the widest application of those terms—have now, with the exception of those specifically enumerated in section 91, placed every conceivable subject of legislation within the provincial jurisdiction, and even the subjects specifically enumerated in section 91 have been severely restricted by their interpretations.

This grave departure from the real purpose and intention of the framers of the British North America Act occurred within fourteen years after its enactment. Sir Montague E. Smith, in 1881, in the case of The Citizens Insurance Company of Canada v. Parsons, 7 Appeal Cases, 96, at page 111, without any investigation of the original purport and application of the words "property and civil rights," based the decision of the judicial committee in that case upon the terms of The Quebec Act, 1774, 14 George 3, chapter 83. He said:

> It is to be observed that the same words, "civil rights," are employed in the act of 14 George 3, chapter 83, which made provision for the government of the province of Quebec. Section 8 of that act enacted that His Majesty's Canadian subjects within the province of Quebec should enjoy their property, usages, and other civil rights, as they had before done, and that in all matters of controversy relative to property and civil rights, resort should be had to the laws of Canada, and be determined agreeably to the said laws. In this statute the words "property" and "civil rights" are plainly used in their largest sense; and there is no reason for holding that in the statute under discussion they are used in a different and narrower one.

The judicial committee quite properly interpreted section 8 of the Quebec Act, 1774, as enacting that the inhabitants of the province of Quebec, of French descent, should enjoy their property, usages and other civil rights as they had done before the cession of 1763, but the judicial committee made no investigation of the public records to ascertain the nature and extent of the civil rights which they had enjoyed in old Quebec under the French regime, an investigation which was essential to an intelligent decision of the issue then before the judicial committee.

They properly interpreted the same section 8 of the Quebec Act as enacting that in all matters of controversy relative to property and civil rights, resort should be had to the laws in force in Quebec prior to 1763, and that such matters should be determined agreeably to said laws; but they neglected to ascertain the terms and scope of those laws which were applied during the French regime. The judicial committee were content to trust to fancy for their facts and to make an entirely

erroneous declaration that the words "property" and "civil rights" were used in the statute of 1774 in the largest sense possible, and they erroneously assumed that the same words in section 92 of the British North America Act should receive the widest possible interpretation.

In this complacent manner, they established for all time the widest possible interpretation of the term "property and civil rights in the province," whereas, if the judicial committee had read the address of the Attorney General Thurlow, afterward Lord Chancellor Thurlow, in the House of Commons at Westminster, or had read the evidence of Governor Carleton, Francis Maseres, former attorney general of Quebec, William Hey, Chief Justice of Quebec, and others given before the House of Commons sitting in committee upon the Quebec bill of 1774, no such decision could possibly have been given. And so it happened that the original intention of the framers of the British North America Act was frustrated and set at naught by carelessly considered decisions.

I have time to indicate only one other radical departure from the purpose and intent of the framers of the original act, although many others might be cited. In drafting section 91 of the British North America Act the framers of that act had before them section 8, paragraph 3 of article 1 of the constitution of the United States of America, which, dealing with the powers of congress, reads:

> To regulate commerce with foreign nations, and among the several states, and with Indian tribes.

The Canadian draftsmen were not content with the restricted terms of that paragraph of the constitution of the United States. which had then been under review and broadly interpreted and applied by the supreme court of the neighbouring republic for nearly a century before the British North America Act was drafted. The Canadian draftsmen insisted upon vesting in parliament the authority to regulate "trade" as well as "commerce," without any restriction, and without differentiating between foreign trade and commerce, and domestic or interprovincial trade and commerce.

Section 91 of the British North America Act 1867, as then drafted and enacted, contains the following:

> It is hereby declared that (notwithstanding anything in this act) the exclusive legislative authority of the parliament of Canada extends to all matters coming within the classes of subjects next hereinafter enumerated; that is to say: . . .
>
> 2. The regulation of trade and commerce.

It would be difficult to frame a more precise and concise clause respecting trade and commerce. The legislative authority thereby vested in the parliament of Canada was not only declared to be "exclusive" but it was declared to be exclusive, "notwithstanding anything in this act."

In the language then in vogue, "trade" included every mechanical or mercantile employment in which a person might engage for procuring subsistence or for profit. "Trade" did not apply to or include the learned professions, or to the liberal arts which were concerned with all branches of academic learning, or to agriculture, in so far as agriculture was concerned with the cultivation of the earth for the production of vegetable life. But "trade", in the parlance of that day, did include the purchase, sale or exchange of commodities of all kinds, including the products of agriculture as well as the products of every other productive activity, and particularly the products of every organized trade or business, whether such trade was foreign trade or domestic or home trade, whether wholesale trade or retail trade, whether involving sales in large quantities or in small parcels.

Commerce then connoted merchandise of every kind and description in the large and general sense, and included the exchange or sale of goods, wares and products of all trades, and commercial intercourse, by way of trade and traffic, in all its branches. Trade and commerce, under then existing conditions, connoted a continuous flow from primary production, through the various stages of transportation and distribution, until the product reached the consumer, either at home or abroad.

Eleven years after the British North America Act was enacted, Mr. Justice Strong, of the Supreme Court of Canada, admittedly one of the ablest members of that court, (2 S.C.C. 104) said:

> That the regulation of trade and commerce in the provinces, domestic and internal, as well as foreign and external, are, by the British North America Act, exclusively conferred upon the parliament of the dominion, calls for no demonstration, for the language of the act is explicit.

In 1880 the judicial committee (7 Appeal Cases, 96) remarked that:

> The words "regulation of trade and commerce" in their unlimited sense are sufficiently wide if uncontrolled by the context and other parts of the act, to include every regulation of trade ranging from political arrangements in regard to foreign governments, requiring the sanction of parliament, down to minute rules for regulating particular trades.

Nevertheless, the judicial committee then held that the full scope of the term could not have been intended by those who framed the British North America Act, because, "banking," "Weights and measures," "bills of exchange and promissory notes," "interest,' "bankruptcy and insolvency" were also mentioned in section 91. They seemed oblivious to the fact that these additional subheads were obviously used for greater clarity, inasmuch as "weights and measures" are employed for other than trading transactions; "bills of exchange and promissory notes" are not necessarily restricted to trading and commercial transactions; and "interest" may be payable on loans, advances, or banking credits in respect of matters which are obviously not included in the regulation of trade and commerce.

And thus, in decision after decision, the provision of the British North America Act which enacted that exclusive legislative authority of the parliament of Canada, notwithstanding anything in that act, extends to all matters—note the term—extends to all matters coming within that class of subjects described as the regulation of trade and commerce, has been restricted and circumscribed until, in the final results, the judicial committee have denied to the trade and commerce clause all efficacy as an independent enumerative head of dominion legislative jurisdiction.

The subject matter of the regulation of trade and commerce remains now as originally drafted in the simple, concise and unequivocal terms of section 91 of the British North America Act, and, though the complex activities comprised in that original clause have vastly expanded during the past seventy years, the legal signification of the clause has repeatedly been restricted and circumscribed by judicial interpretation, until almost every vestige of its original authority has been eliminated, with the exception that in the John Deere Plow case (1915 A.C. 330) Lord Haldane placed under the regulation of trade and commerce clause the power to incorporate dominion companies, though on another occasion, in the Great West Saddlery case (1921, 2, A.C. 91) Lord Haldane, true to his predilections for the metaphysics of Hegel, placed the power to incorporate dominion companies under the general power to make laws for the peace, order and good government of Canada.

Neither the ancient sophists, nor the more modern metaphysicians, have ever been so successful as the judicial committee in explaining that reality is a mere illusion of the mind. But in the case of the judicial committee it is unfortunately true that, as Gulliver once said: "If once judges go wrong, they make it a rule never to come right"; and so it has come to pass that Canadian courts are now precluded from reconsidering the original text of the British North America Act and so deciding constitutional issues upon their merits; they are inextricably bound by a series of decisions of the judicial committee that have served to impair the constitution which our courts are presumed to interpret.

A number of the decisions of the judicial committee, which now unfortunately control the discretion of the Supreme Court of Canada, as well as the supreme courts of the provinces, were rendered during the first twenty years of our existence as a dominion.

In 1871, in order to expedite the hearing of appeals from colonial courts, including those from the new Dominion of Canada, an act was passed by the parliament of the United Kingdom providing that four members of the judicial committee should each receive a salary of £5,000 yearly and that these four members might be English judges, or retired East Indian judges from Bengal, Bombay or Madras. Sir Montague Smith, a puisne judge of the Court of Common Pleas, and two other judges from the East Indies, were appointed, but so discredited, at that date, was the judicial committee, that three English judges, to whom it was offered, successively refused an appointment, and finally the Lord Chancellor appointed Sir Robert Collier, who was not and had not been a judge of any court, and who was not, therefore, qualified under the terms of the Judicial Committee Act, 1844. This lack of qualification was overcome by appointing Sir Robert Collier to fill, for three days, a vacant judgeship in the Court of Common Pleas, and then he was appointed a member of the judicial committee.

It is noteworthy that Chief Justice Cockburn of the Queen's Bench, in a letter to Mr. Gladstone, dated November 10, 1871, protested that the colourable appointment of Collier to the judicial committee had seriously compromised the dignity of the judicial office, and he denounced the grievous impropriety of the proceedings as a mere subterfuge and evasion of the terms of the statute. The government of Mr. Gladstone, which made the appointment, only missed censure in the House of Lords by a majority of one, and in the commons by a majority of twenty-seven, after a stormy debate that closed at three o'clock in the morning.

For fourteen years thereafter, these two English judges. Sir Montague Smith and Sir

Robert Collier, with four East Indian judges, Sir James Colville, Sir Robert Couch, Sir Barnes Peacock and Sir Arthur Hobhouse, together with only one judge of standing from the English bench, formed the judicial committee, under the presidency of the Lord Chancellor of the day, when he was sitting, which was vested with the responsibility of interpreting the Canadian constitution, but as a matter of fact, on several occasions, in the guise of interpretative decisions, they wrote material amendments to the Canadian constitution, which to this day are binding upon our Canadian courts.

In the result, if Canada is to develop as a nation, we are constrained to procure amendments to the British North America Act, though there are reasonable grounds for the conviction that any new amendments are not likely to meet a better fate before the judicial committee than that which overtook certain sections of the original act.

The obvious aberrations of the judicial committee are partly explained by the fact that its members assume to exercise legislative and political as well as purely judicial functions. Haldane, Q.C., who shortly afterward became Lord Chancellor and president of the judicial committee, in 1899, in the Judicial Review, volume 11, page 279, in extolling the work of the late Lord Watson as a member of the judicial committee, frankly admitted the exercise by the committee of political functions. He said of Lord Watson:

> He was an imperial judge of the first order. The function of such a judge, sitting in the supreme tribunal of the empire, is to do more than decide what abstract and familiar legal conceptions should be applied to particular cases. His function is to be a statesman as well as a jurist, to fill in the gaps which parliament has deliberately left in the skeleton constitutions and laws that it has provided for the British colonies.
>
> The imperial legislature has taken the view that these constitutions and laws must, if they are to be acceptable, be in a large measure unwritten, elastic, and capable of being silently developed and even altered as the colony develops and alters. This imposes a task of immense importance and difficulty upon the privy council judges, and it was this task which Lord Watson had to face when some fifteen years ago he found himself face to face with what threatened to be a critical period in the history of Canada.

Haldane may have been referring to the disputes arising out of such appeals as Russell v. the Queen and Hodge v. the Queen, in the early eighties, or he may have had reference to the political campaigns in 1886 and 1887 for the secession of Nova Scotia from the dominion, or possibly to the resolutions of the conference of the Liberal premiers which was held at Quebec in 1888. Haldane then proceeds:

> Two views were being contended for. The one was that, excepting in such cases as were specially provided for, a general principle ought to be recognized which would tend to make the government at Ottawa paramount, and the governments of the provinces subordinate. The other was that of federalism through and through, in executive as well as legislative concerns, whenever the contrary had not been expressly said by the imperial parliament.
>
> The provincial governments naturally pressed this latter view very strongly. The supreme court of Canada, however, which had been established under the Confederation Act, and was originally intended by all parties to be the practically final court of appeal for Canada, took the other view. Great unrest was the result, followed by a series of appeals to the privy council, which it was discovered still had power to give special leave for them, was commenced.

The only knowledge which members of the judicial committee could have had of these domestic political controversies was derived from infrequent cable messages published in the London Times or from gossip in the purlieus of the courts at London.

Haldane then relates that he was engaged as counsel for the provincial premiers in a number of these appeals, and that Lord Watson, by his several judgments, sought to modify and amend the Canadian constitution so as to bring it in accord with their conceptions of the exigencies of partisan political contests in Canada. If the Supreme Court of Canada were admittedly influenced by such considerations, its members would be liable to impeachment. Mr. Haldane proceeds:

> Lord Watson made the business of laying down the new law, that was necessary, his own. He completely altered the tendency of the decisions of the supreme court, and established in the first place the sovereignty (subject to the power to interfere of the imperial parliament alone) of the legislatures of Ontario, Quebec and the other provinces. He then worked out as a principle the direct relation, in point of exercise of the prerogative, of the lieutenant governors to the crown. In a series of masterly judgments he expounded and established the real constitution of Canada.

Mr. SPEAKER: I am sorry to have to interrupt the hon. gentleman, but his time has elapsed.

Mr. CAHAN: I crave the indulgence of the house.

Some hon. MEMBERS: Go ahead.

Mr. SPEAKER: The hon. gentleman may proceed with the consent of the house.

Mr. CAHAN: It is to be noted that Lord Watson sought, by judicial interpretation, to establish a new constitution for Canada, in which each of the nine provincial legislatures would be vested with sovereign or supreme power, and the power of the dominion government to veto provincial legislation, as established by the British North America Act, would be completely eliminated. Mr. Haldane proceeds:

> Nowhere is his memory likely to be more gratefully preserved than in those distant Canadian provinces whose rights of self-government he placed on a basis that was both intelligible and firm. . . . It was the same with other portions of the empire. . . . He was a great servant of the empire.

Lord Haldane, who in 1912 became a member of the judicial committee, endeavoured to follow in Lord Watson's footsteps, but, at this date it is extremely doubtful if the "distant Canadian provinces" are enamoured with the political policies which those two judges of the privy council carried into effect, under the guise of giving judicial interpretations to the British North America Act, which Canadian statesmen had framed and placed before the parliament at Westminster for final enactment; but, in any event, those two judges succeeded in laying down novel rules for the interpretation of the British North America Act, which have since controlled the decisions of the Canadian courts, and which justices of the Supreme Court of Canada, however learned and experienced they may be, must, under existing conditions, utterly fail to overcome.

Ten years after he became a member of the judicial committee, Lord Haldane, in the Cambridge Law Journals for 1922, again wrote of Lord Watson:

> Particularly he rendered an enormous service to the empire and to the Dominion of Canada by developing the dominion constitution.

That was in accord with the opinion of those publicists in England who, unfortunately, conceived that by fostering the division and disruption of a dominion and centralizing political control at Westminster they were ensuring the continuity of the colonial system with its arbitrary domination of the self-governing dominions. They sought to divide and rule. But history has proved the utter folly of such an effete imperial policy, and deplorable conditions in Canada to-day furnish convincing evidence of the disastrous effects of such a policy when expressed in judicial decisions which preclude the political and economic development of this dominion. Lord Haldane continues:

> At one time, after the British North America Act of 1867 was passed, the conception took hold of the Canadian courts that what was intended was to make the dominion the centre of government in Canada, so that its statutes and its position should be superior to the statutes and position of the provincial legislatures. That went so far that there arose a great fight; and as the result of a long series of decisions Lord Watson put clothing upon the bones of the constitution, and so covered them over with living flesh that the constitution of Canada took a new form.

Lord Haldane certainly exaggerates and incidentally, misrepresents the views of the Canadian courts which, in the earlier years sought to interpret the British North America Act, 1867, in strict accordance with the terms in which it is drafted and so sought to carry into effect the clearly expressed views of its founders. But the judicial committee have, as he admits, by a long series of decisions so amended and redrafted the original constitution and so clothed it in fantastic conceptions of their own, that it bears the grotesque features of a jack-o'-lantern which now serves to evoke derisive comment and criticism.

And then, disclosing the extent of his own self-deception, Lord Haldane exclaims:

> The provinces were recognized as of equal authority coordinate with the dominion, and a long series of decisions were given by him which solved many problems and produced a new contentment in Canada with the constitution they had got in 1867.

In these words, which were written less than sixteen years ago, we may clearly discern the tendency of the judicial committee to set at naught the provisions of the British North America Act as originally drawn, and to constitute one dominion consisting of nine provincial sovereignties, each coordinate with and of equal authority with the whole dominion, regardless of the immutable axiomatic truth that the whole is necessarily greater than its part.

We are now facing a problem which mere amendments to the British North America Act will not solve or eliminate, no matter what amendments may be procured, and that is the problem of interpretation. No amendment can prove effective to adapt a constitution to the needs of government if it is arbitrarily interpreted and applied, as were the provisions which it was intended to supplement and correct, by a tribunal of last resort, such as the judicial committee, which

refuses to consider the conditions and circumstances in which and the objects for which such provisions were first enacted. There is no substitute for wise and enlightened interpretation, and, without it, the possibility of obtaining redress by mere amendment is a barren hope.

Expressing the views of Australia, Mr. Hughes, the Australian prime minister, at the imperial conference in 1918, spoke as follows:

Especially in relation to its decisions on the commonwealth constitution, the privy council has not proved a satisfactory tribunal. That constitution has special features of its own—features which differentiate it from the Canadian constitution, and some of which bear close resemblance to the constitution of the United States. It is a complex instrument, almost every line of which has its roots in Australian history, and bears the marks of an ultimate compromise between conflicting views. The eminent judges ordinarily available on the judicial committee, for all their legal learning and judicial experience, have not among them a single man who is intimately familiar with this constitutional document, or with the vital processes underlying it, a knowledge of which is, in the case of any constitutional document, necessary to a full appreciation of both letter and spirit. Australia's experience of the privy council in constitutional cases has been, to say the least of it, unfortunate.

And referring to the decision of the judicial committee in the then recent royal commission case, Colonial Sugar Refining Company v. Brown, Mr. Hughes continued:

Its decision is one which must have caused great embarrassment and confusion, if it were not for the fortunate fact that the reasons for the judicial committee's decision are stated in such a way that no court and no counsel in Australia has yet been able to find out what they were. That is what must happen when a tribunal on the other side of the world, no matter how eminent and experienced its members may be, has cast upon it the duty of interpreting a complicated constitutional document with the history and principles of which no member of the court, and perhaps no counsel practising before the court, is especially familiar.

As stated by Sir Arthur Berriedale Keith in his work on Responsible Government in the Colonies (1927 edition) page 1102:

It is idle to deny that the taking of appeals to the privy council is a mark of inferior status and partial servility.

And again, at page 1104, he said:

The maintenance of the present position is just and proper so long as the dominions desire to remain dependencies. But to talk of free and autonomous nations and equal partners in the empire under the circumstances is childish folly.

Other hon. members will recall opinions expressed by leading counsel of other provinces of Canada, but I will cite only representative lawyers of the province of Quebec of which I am one of the representatives in this House of Commons.

No Canadian who knew intimately the late Eugene Lafleur, K.C., could have failed to be impressed by his legal learning, experience and insight in relation to matters of constitutional law. In a letter dated April 14, 1914, to Mr. J. E. Martin, K.C., who was then batonnier of the bar of Montreal, and who subsequently became chief justice of the superior court of Quebec, Mr. Lafleur said:

The reason usually advanced in favour of maintaining the appeal to the privy council is that it secures a decision from a tribunal which is free from local prepossessions and from political, religious or racial prejudices. Such a humiliating confession has never been made, so far as I am aware, by any autonomous colony or state and implies less confidence in the judiciary than in the legislatures. It is no answer to say that our governments have too often made appointments to the bench on the ground of political services rendered rather than on that of professional merit. This does not prove that competent men cannot be produced or secured to satisfy our requirements, but merely that proper means must be taken to attain this end instead of solving the difficulty by an admission of inferiority and an appeal for external assistance. And I venture to think that our governments will not feel their full responsibility in this respect until our courts are as supreme in their sphere as our legislatures are in theirs. (Senate Hansard, 1916, at page 293.)

The late Charles S. Campbell, K.C., of Montreal, one of the most reputable and experienced members of the Canadian bar, is reported in Senate Hansard, 1916, at page 542, as saying:

The only authority for saying that an appeal from the supreme court to the judicial committee exists is the decision of the committee itself. The real reasons no doubt were as they generally are, matters of policy; the ostensible reasons contained in their orders or reports are rarely the real ones and no doubt that is why the views of dissentient members are never made public. Obviously a decision which is at once politic and of doubtful legality would not command any acceptance if dissentient members' views upon it were expressed. The expression of opinion by all the members is the real strength of any appellate tribunal, because, if the views of the majority are of doubtful legality, they hesitate to put them into language which may be attacked by other members of the court.

Aime Geoffrion, K.C., in a letter published in the Senate Debates for 1916 at page 542, referring to appeals from the Supreme Court of Canada to the privy council, says:

I do not believe in the appeal, whether the (supreme) court is unanimous or divided, nor do I believe in it even in constitutional cases.

Louis S. St. Laurent, K.C., in his presidential address in 1931 to the Canadian Bar Association, said:

If I may venture to express a personal opinion, without attempting to commit anyone to it but myself, I would like to see all our constitutional disputes go to the Supreme Court of Canada, or at least such of them as are considered of sufficient importance to justify the intervention of His Majesty's attorneys general of the dominion and of any one or more of the provinces. I would like to see the decision given in the supreme court, if it were allowed to become a final decision, henceforth looked upon as a binding authority both on that court and on the privy council in all future similar cases.

I have also taken the liberty of translating into English certain passages from an address in the French language, which the right hon. the present Minister of Justice delivered to the Cercle Universitaire at Montreal, and which is reported in the Revue Trimestrielle for March 1932:

I cannot find a single reason to justify Canada being the only country in the world of her rank, her population and intellectual development to confess her inability to settle her own judicial conflicts. . . . Our judiciary and our bar need not look up to those of any other country. The partisans of appeal to the privy council claim that it constitutes a bond between the dominions and the crown, that it entitles every British citizen to go to the foot of the throne to obtain justice and, more particularly, that it is a safeguard for minorities. First of all, it is not true that all British citizens reach the foot of the throne through the good offices of the privy council. . . . In view of the conflicts which took place in Ireland, in Australia and even in Canada, following certain decisions rendered by the privy council, it is difficult to describe it as a powerful bond uniting the dominions to the crown. . . . As for the protection of minority rights by the privy council, that is a fable. . . . I wish to assail this ghost, this myth of the privy council safeguarding minority rights in opposition to our Supreme Court. And I entreat my compatriots never to lend themselves to the schemes of the reactionaries who have constantly opposed the development of Canadian autonomy and who boastfully declare that the right of appeal to England shall be upheld by Quebec. We, ourselves, are the best and truest guardians of our rights and traditions. No authority outside the land will defend them adequately in our stead. Canada has now attained her majority and can dispense with tutelage, even a judicial one.

I trust I have translated it fairly; I have endeavoured to do so.

Mr. LAPOINTE (Quebec East): It is better than the original.

Mr. CAHAN: Thank you.

It is sometimes alleged that the right of appeal to the judicial committee is the immemorial right of British subjects to present their claims at the "foot of the throne." This is a mere myth. The phrase is merely rhetorical and represents a figment of the imagination and not a scintilla of historical fact. The judicial committee is a statutory body to which the forty-seven millions of British subjects in the United Kingdom have no right of appeal.

It is alleged that the judicial committee is the guardian of minority rights in Canada, racial and religious. This is not true, as everyone, who has read the decisions of the judicial committee in Canadian appeals, knows full well.

It is alleged that the privy council of the United Kingdom is a link of empire. So it was formerly alleged that the powers of reserving and vetoing dominion legislation were links of empire; but all these powers, which prevailed in the colonial era, were found incompatible with our status as an autonomous dominion. The firm links of empire will be found in our allegiance to the throne, our historical traditions, our firm conviction that our highest political interests and the security of our country in a world of international strife and rivalry, are best conserved by our free association and close cooperation in matters of common interest with the people of the United Kingdom and the peoples of the other British dominions.

It is alleged that the privy council serves to maintain the uniformity of law throughout the empire, that "it keeps the law in step." Maintaining uniformity in the law is not a function of courts of law, but of the parliaments and legislatures of the commonwealth which enact the law. The common law does not prevail in all parts of the dominions. Uniformity is not the end of law. Laws must be adjusted to the locality and to the times and conditions in which the different peoples of the British Commonwealth of Nations move and live and have their being. The law as interpreted and decided by the judicial committee differs in form and substance from the law as embodied in decisions of the House of Lords, which has supreme judicial jurisdiction throughout the United Kingdom.

I yield to no other Canadian in my desire and determination, so far as it lies in my power, to maintain all honourable relations, between Canada and the United Kingdom, between Canada and other parts of the British Empire, which comport with our history, our traditions and the covenants, express and implied, into which this country has voluntarily entered, though I deprecate any spirit of sycophancy or servility. Now as I near the close of a long and active life, replete, it

sometimes seems to me, with much of adversity and personal disappointment, I have one supreme desire, and that is to see Canada becoming more stalwart, strong and self-reliant, courageously confronting all its domestic difficulties, intelligently assuming its national responsibilities, and participating, as an autonomous dominion, in so far as it is within our competency so to do, in the satisfactory solution of the complex political problems of this era of time in which providence has placed us.

With these ends in view I move the second reading of this bill and earnestly recommend its provisions to the favourable consideration of this house.

Right Hon. ERNEST LAPOINTE (Minister of Justice): The subject matter of the bill, the second reading of which my hon. friend has just moved, is very important and I am sure the house and the country will be gratified to him for having initiated this discussion to-day.

It is fortunate that a member of the standing and personality, the long experience and the public record of the hon. member for St. Lawrence-St. George (Mr. Cahan) should be the one to initiate this discussion. Surely no motive can be assigned to his action, and the question may be discussed on its merits without any suggestion of lack of loyalty or of weakness in the love of British institutions, of which my hon. friend has always given evidence of being a fervent adherent.

I am sure my hon. friend is not optimistic enough to take it for granted that this bill will become law in consequence of this first step, but the mere fact that it will be in the domain of public discussion will ensure its engaging the attention of all those who are interested in constitutional questions in Canada, not only legal minds, but the plain people as well, because they are just as much interested as the others in the solution of this problem. The mere fact, I say, that it will be in the domain of public discussion will create a public opinion which will enable this parliament to decide the question as it should be decided, in the best possible sense.

The origin of appeals to the privy council goes back very far into the past. I was reading in Lefroy's work on the federal constitution that when William of Normandy became King of England, the Channel Islands were under the duchy of Normandy and were never subject to the jurisdiction of the English courts. But there was an appeal from the decisions of the Channel Islands courts to the King of England in his quality of Duke of Normandy in council, and then this was extended to all the British possessions beyond the seas.

Prior to 1833 the appeals were by way of special leave, what has been called by the privy council "a residuum of the royal prerogative of the sovereign as the fountain of justice." This appellate jurisdiction was usually exercised in a committee of the whole privy council, which, having heard the allegations, made a report to His Majesty in Council, by whom a judgment was finally given. It is only in 1833, as my hon. friend stated I think on first reading of his bill, that it became part of the law of Britain by the Act for the better Administration of Justice in His Majesty's Privy Council, which act was later given the shorter title of the Judicial Committee Act, 1833. Later, in 1844, this act was altered and modified and the jurisdiction was extended; and other acts still further altered and extended the jurisdiction. But all these clearly established that it had become a matter of statutory jurisdiction.

I wish to indicate first the nature of the appeals in Canada, the different classes of appeals from Canada to the privy council.

First, there are the appeals in all the provinces, except Ontario and Quebec, which are by special royal grant in virtue of former imperial orders in council passed under the Judicial Committee Acts. Those appeals are (a) appeals as of right when a certain amount or upwards is involved; and (b) with leave of the court from which the appeal is taken.

Second, there are the appeals allowed by provincial statutes in the case of Ontario and Quebec. By the Constitutional Act of 1791, which divided the old province of Quebec into two new provinces called Upper and Lower Canada, provision was made by section 34 for the establishment of a court of civil jurisdiction within each of the said provinces respectively, and the appeal to his majesty and his successors was mentioned. In exercise of the power conferred by the Constitutional Act of 1791 the legislature of each province —that is Quebec and Ontario, then Lower and Upper Canada—enacted the two statutes, 34 George III, chapter 6, in Lower Canada, and 34 George III, chapter 2, in Upper Canada, providing for those appeals to His Majesty in Council in certain cases.

Those statutes were continued in force by the Act of Union of 1840, subject to certain modifications, and they were continued in force by section 129 of the British North America Act. The statutes in Quebec and Ontario

which provide for those appeals are the Privy Council Appeals Act, revised statutes of Ontario 1937, chapter 98, and for Quebec, Article 68 of the Quebec Civil Code of Procedure.

Third, there are the appeals by special leave of His Majesty in Council, from any court in Canada, as in all British dominions. The instances where the special leave is granted may be defined as: (a) where no appeal lies by grant from the dominion or colonial court; (b) where the court below has no power to grant leave, and (c) where it has power but has refused to grant leave to appeal.

As far as the dominion is concerned, the Supreme Court of Canada was established in 1875 by 38 Victoria, chapter 11, with "an appellate, civil and criminal jurisdiction within and throughout the Dominion of Canada." Section 47 of this act enacted that the judgments of the Supreme Court of Canada should in all cases be final, and that no further appeal should be brought to "any court of appeal established by the parliament of Great Britain and Ireland, by which appeals or petitions to Her Majesty in Council may be ordered to be heard, saving any right which Her Majesty may be graciously pleased to exercise by virtue of Her Royal Prerogative."

Thereafter this act was transmitted, as the law provides, to England to the Secretary of State for the Colonies. Quite a number of letters were exchanged, there was voluminous correspondence and discussion between the Hon. Edward Blake, then Minister of Justice for Canada, and the Earl of Carnarvon, Colonial Secretary. The act was not disallowed. It was found that the preservation of the appeal by the exercise of the prerogative was sufficient to ensure its validity, and it could be left untouched and preserved. But the result is that there is no appeal of right from the Supreme Court of Canada; there must be special leave by the privy council in every instance.

I come now to our dominion legislation with regard to criminal appeals.

Mr. BENNETT: Before the minister leaves that, may I direct his attention to the fact that the king in council apparently has conferred upon provincial courts of last resort the right to grant appeals to the privy council. That is the practice with respect to appeals from Alberta and Saskatchewan, for instance; I am not quite sure about Manitoba. Perhaps the minister has something to say with respect to that order in council, which was a delegation of the power which the king in council exercised as a prerogative.

Mr. LAPOINTE (Quebec East): I think I shall touch on that matter later on.

In 1887 the parliament of Canada passed an act to amend the law respecting procedure in criminal cases, and a new section was substituted for section 265 containing the following subsections:

(3) The judgment of the supreme court shall in all cases be final and conclusive.

(5) Notwithstanding any royal prerogative, or anything contained in the Interpretation Act or in the Supreme and Exchequer Courts Act, no appeal shall be brought in any criminal case from any judgment or order of any court in Canada to any court of appeal established by the parliament of Great Britain and Ireland by which appeals or petitions to Her Majesty in Council may be ordered to be heard.

This became section 1025 of the criminal code. It remained in our statutes without being challenged at any time until 1927, when a famous case originating in the province of Alberta went to the privy council, in which the validity of section 1025, doing away with appeals in criminal matters, was successfully attacked. The privy council declared that this section was ineffective, first because whatever powers the dominion had under the British North America Act were confined to action to be taken in the dominion. In other words we in Canada did not possess the power of giving extraterritorial jurisdiction to our legislation; and, as the privy council was a court or tribunal in England, under the British North America Act we in Canada could not abolish appeals to that court.

Mr. BENNETT: Which arose under an imperial statute.

Mr. LAPOINTE (Quebec East): Yes. The other reason was that under the Colonial Laws Validity Act any legislation of a dominion which was repugnant to an imperial statute was ineffective and null, and that this section of the criminal code was repugnant to the imperial statute allowing appeals to the privy council. This, of course, as the house knows, gave rise to many comments in Canada. The next stage was the Statute of Westminster, in 1930.

Mr. BENNETT: 1931.

Mr. LAPOINTE (Quebec East): Yes, it was 1931, though something had been done about it in 1930. The Statute of Westminster removed the two disabilities I have mentioned. It recognized that the dominions had the power of giving extraterritorial jurisdiction to their legislation, so the argument that the appeals were heard in London could no longer stand. In the second place, the

Colonial Laws Validity Act was repealed as far as Canada and the dominions were concerned, so that the legislation of Canada, or of any other dominion, stands good even if it is in conflict with an imperial statute regarding the same matter.

In 1932 and 1933 this parliament reenacted section 1025, which had been declared null by the privy council in the Nadan case, and put it back in our statutes under the power conferred by the Statute of Westminster. This new section has stood the test of appeal to the privy council. The house will remember that in 1935 there were convictions in the courts of Quebec against certain coal companies after an investigation under the Combines Act. These companies tried to appeal those convictions to the privy council; they asked for special leave to appeal. That is the case of the British Coal Corporation and the King. The judicial committee, presided over by Lord Sankey, held that the new section of the criminal code was constitutionally effective to prohibit appeals to the king in council in criminal matters. I shall refrain from reading the copious notes I have of the judgment of Lord Sankey, but I wish to direct attention to these words:

> Such appeals seem to be essentially matters of Canadian concern, and the regulation and control of such appeals would thus seem to be a prime element in Canadian sovereignty as appertaining to matters of justice.

So, as far as criminal appeals are concerned, there is no longer any difficulty.

Mr. BENNETT: The principle was considered to some extent also in the application for leave to appeal in the Riel case.

Mr. LAPOINTE (Quebec East): Yes, but that was very long ago.

Mr. BENNETT: That was before the statute was passed.

Mr. LAPOINTE (Quebec East): Yes. I come now to the other appeals. I submit that it is within the legislative competence of the parliament of Canada to abolish any right of appeal to his majesty in council, whether by special leave or otherwise, from any court in Canada, in civil no less than in criminal cases. But before going on with that I desire to discuss the policy and the right. Is it desirable to do away with these appeals; and then, can we do it? In other words there is first the policy and then the right. As to the policy, with regard to appeals to the privy council the imperial conference of 1926 said:

> From these discussions it became clear that it was no part of the policy of His Majesty's government in Great Britain that questions affecting judicial appeals should be determined otherwise than in accordance with the wishes of the part of the empire primarily affected.

Then Berriedale Keith says:

> . . . it is obviously absurd to declare that Canada is autonomous and an equal member of the commonwealth of nations and at the same time hold that the courts of the dominions are unfit to do justice to an unfortunate lady who has an accident while seeking to enter a Canadian railway station, to take one of the issues recently decided by the privy council overruling the dominion courts.

As far back as 1923 Lord Haldane said:

> ". . . it is obviously proper that the dominions should more and more dispose of their own cases. . . . It becomes with the dominions more and more or less and less as they please." But although "several of the dominions have shown unmistakably that they wish to reduce its power over their affairs to the absolute minimum," the situation so created has not yet been adequately dealt with.

I also have before me a statement by Lord Haldane in an article published in The Empire Review of July, 1927, but I do not think I have time to read it.

I must say that my reasons for the views I hold with regard to this matter may differ from those expressed by my hon. friend from St. Lawrence-St. George. He is opposed to the appeals mostly, or perhaps not mostly but largely, because of the quality of the decisions which have been rendered by the privy council. I will say in defence of the privy council that very often unsuccessful litigants have complained about that court as much as unsuccessful litigants here complain about the supreme court, and I should not be surprised if before the end of this debate we hear some member say things about the supreme court just as harsh as my hon. friend has said about the privy council. There have been most eminent men sitting in the privy council, and many of them have held the confidence of the people of the dominions. The privy council has been criticized very severely, for instance, on account of its decisions on the reference with regard to the social legislation a year or so ago. But after all, the privy council merely affirmed the decision of the majority of the Supreme Court of Canada, and if there had been no privy council the result would have been the same. So I do not think it is quite fair to blame the privy council for those decisions as much as it has been blamed in some instances.

Mr. BENNETT: Would the minister mind my saying a word?

Mr. LAPOINTE (Quebec East): Not at all.

Mr. BENNETT: The minister has overlooked the fact that the supreme court was bound by decisions of the privy council which entirely eliminated the words "trade and commerce" from consideration at all, as well as other words to which reference has already been made. The supreme court was bound by those decisions, and hence it is that their decisions were as they were.

Mr. LAPOINTE (Quebec East): I cannot very well accept that view, because the decisions have been blamed by reason of the fact that the privy council had decided otherwise than it had decided in previous cases. So if the supreme court was bound by the previous decisions of the privy council, I do not see how they could have differed now.

However, my reasons are largely those expressed by constitutional authorities like Berriedale Keith and others, and by my hon. friend from St. Lawrence-St. George when he said that the sovereignty of Canada still resides in the privy council. We are an equal nation in the commonwealth; we have full power in every domain as a nation, and I do not think anybody would differ from me when I say that when we are a nation of twenty-five or thirty millions of people, as we shall be some day, it would seem absurd that we should go across the seas to get a decision in an appeal from our own courts. If it would be absurd when we are twenty-five millions of people, it becomes not so wise when we are a nation of eleven or twelve millions.

Then there is the question of expense. We must admit that recourse to the privy council means an expenditure of money which many litigants in Canada cannot afford to incur, and that makes the privy council too much of a court where only the wealthy can carry their cases in the last resort.

There is something else, too. There is the question—what shall I call it?—of judicial consciousness. I think that our own supreme court will not be as it finally will be when it is definitely a court of last resort for all Canadian litigation.

It is stated—it was stated, because the argument is weakening from year to year—the the privy council is a symbol of unity. Well, a symbol of unity which creates dissatisfaction carries some danger within itself, and I do not think that argument is strong enough to prevent a rational decision in the matter.

May I give—it is important to have all the data; for this question will certainly be discussed in the country—a statistical survey of the appeals to His Majesty in Council since 1867.

There have been from the provincial courts between 1867 and 1938, 329 appeals to the privy council. In 187 cases the judgment was affirmed; in 131 cases the judgment was reversed, and in 10 cases it was modified.

From the supreme court there have been since the creation of the court 198 appeals to the Privy Council. In 117 cases the judgment was affirmed; in 74 cases the judgment was reversed, and in 5 cases it was modified.

From the exchequer court there have been three appeals. In one the judgment was affirmed, and in the other two the judgment was reversed.

I have also a table of all the constitutional cases in which appeals have been heard by the judicial committee, indicating the court, dominion or provincial, from which the appeal was taken.

From the provincial courts 70 appeals have been taken in constitutional matters; in 35 cases the judgments were affirmed, in 4 they were modified, and in 31 they were reversed.

From the Supreme Court of Canada there have been 68 appeals in constitutional cases; 49 judgments have been affirmed, 15 have been reversed, and 4 have been modified.

I come back now to my argument as to the competence of Canada—

Mr. BENNETT: May I interrupt? Those three appeals from the exchequer court were exclusive of exchequer court appeals from the Supreme Court of Canada.

Mr. LAPOINTE (Quebec East): Quite so.

Mr. BENNETT: I did not think that was made quite clear.

Mr. LAPOINTE (Quebec East): Appeals from the exchequer court direct.

As to civil appeals relating to subject matters within the exclusive authority of the dominion parliament—and I think the bill of my hon. friend (Mr. Cahan) is limited to those appeals—I submit there is no doubt as to the competence of parliament to abolish those appeals. This is supported by the decision in the Nadan case, and I will also refer to the decision in the case of Cushing v. Dupuy (1880) 5 A.C., 409. The decision in that case was as follows:

> The Quebec code of civil procedure, article 1178, allowed an appeal to His Majesty in Council as of right from final judgments on appeal to the Court of Queen's bench of Quebec.

A dominion act made in virtue of the power conferred by section 91, bankruptcy and insolvency, gave the Court of Queen's Bench a bankruptcy jurisdiction. This dominion act provided that the judgment of the court in

such matters as were in question in the case should be final. It went as far as the privy council, and the judicial committee held that this provision was intra vires the dominion parliament and effective to bar the right of appeal conferred in general terms by the civil code. Sir Montague Smith said:

> Procedure must necessarily form an essential part of any law dealing with insolvency. It is therefore to be presumed, indeed it is a necessary implication, that the imperial statute, in assigning to the dominion parliament the subjects of bankruptcy and insolvency, intended to confer on it legislative power to interfere with property, civil rights, and procedure within the provinces, so far as general law relating to those subjects might affect them. Their lordships therefore think that the parliament of Canada would not infringe the exclusive powers given to the provincial legislatures, by enacting that the judgment of the court of Queen's bench in matters of insolvency should be final, and not subject to the appeal as of right to Her Majesty in council allowed by article 1178 of the code of civil procedure.

In the Nadan case, Lord Cave expressed the same view.

Mr. BENNETT: In the Crown Grain Company case there was the converse of that.

Mr. LAPOINTE (Quebec East): Exactly. By the Statute of Westminster the limitations on dominion legislative power imposed by the Colonial Laws Validity Act, by section 129 of the British North America Act as regards the repeal or alteration of laws in force in the provinces at the union which were enacted by or existed under imperial acts, and by the doctrine forbidding extraterritorial legislation, were abrogated, as shown in British Coal Corporation v. the King, which I have mentioned.

These legal restrictions on the legislative powers of the dominion parliament having been removed, obviously it is within the legislative competence of the parliament of Canada to prevent any appeal in matters within its legislative authority. We come now to a more difficult point, as to civil appeals relating to subject matters within the exclusive legislative authority of the province. First, the regulation or prohibition of appeals from provincial or dominion courts to His Majesty in Council, whether in virtue of the prerogative or a statutory grant, transcends provincial legislative authority and, therefore, is within the exclusive legislative competence of the parliament of Canada, in virtue either of its residuary power to make laws for the peace, order and good government of Canada, or of its exclusive and paramount power under section 101 of the British North America Act to establish a general court of appeal for Canada. Section 101 reads:

> The parliament of Canada may, notwithstanding anything in this act, from time to time, provide for the constitution, maintenance and organization of a general court of appeal for Canada, and for the establishment of any additional courts for the better administration of the laws of Canada.

In virtue of the powers so conferred, the parliament of Canada established the Supreme Court of Canada, as I stated before, and provided that the supreme court should have appellate jurisdiction, civil and criminal, within and throughout the Dominion of Canada. The decisions which have been given by both the supreme court and the privy council afford authority for the propositions which I am going to submit. First, the legislative power conferred by section 101 may be exercised—this is the language of the section—notwithstanding anything in the act. The language of the privy council in the case of Tenant v. the Union bank, plainly indicates that parliament, so long as it relates strictly to these matters, is to be the paramount authority and to the extent that the provincial judicial system is repugnant to the legislation of the parliament of Canada within the scope of section 101, the provincial arrangements would not be valid.

In the Crown Grain Company case, to which my right hon. friend has just referred, it has been clearly ruled that provincial legislation cannot take away jurisdiction conferred upon the supreme court by the Supreme Court Act. In that case, as my right hon. friend will remember, it was held that the Manitoba Mechanics and Wageearners Lien Act, which enacted that in suits relating to liens the judgment of the Manitoba Court of King's Bench would be final and that no appeals should lie therefrom, was ultra vires of the provincial jurisdiction because no provincial act can circumscribe the appellate jurisdiction granted to the supreme court by the dominion parliament under section 101. I could quote what was said by Lord Robertson, who delivered the judgment of the board in that case, but I shall not.

Mr. BENNETT: It was a very brief judgment.

Mr. LAPOINTE (Quebec East): The same thing was decided by the Supreme Court of Canada in Consolidated Distilleries Limited v. Consolidated Exporters Corporation. In

that connection there is a very able judgment by the late Mr. Justice Newcombe. In Danjou v. Marquis, Mr. Justice Fournier held:

(Translation) As there is no doubt that the federal government has the right to subject these cases to appeal, any provincial legislation then existing to the contrary notwithstanding, it seems to me this provision should be given its full and complete effect.

Moreover, it is quite competent for the dominion parliament to allow an appeal to the Supreme Court of Canada from judgments of provincial courts, even though such judgments may not be final nor such courts the courts of final resort. This also has been decided by the courts. I shall quote the words of the late Chief Justice Taschereau in the case of L'Association St. Jean-Baptiste de Montreal v. Brault, where he said:

Section 101 of the British North America Act, 1867, enacts that notwithstanding the exclusive jurisdiction given to the provincial legislatures over civil rights, the parliament of Canada has the power to provide for the constitution, maintenance and organization of a general court of appeal for Canada, without restricting the power, as it does for additional courts of first instance, to the administration of laws of Canada.

It will be observed that this judgment points out that the power to constitute a general court of appeal for Canada is not restricted by the concluding words of the section, "for the better administration of the laws of Canada." Those words applied only to the establishment of other courts.

Mr. BENNETT: Like the exchequer court or the board of railway commissioners.

Mr. LAPOINTE (Quebec East): Exactly, That judgment was affirmed by the privy council, and Sir Barnes Peacock, who pronounced the decision, used words to the same effect: Another important consideration is the fact that provincial legislatures have no power to grant an appeal to the Supreme Court of Canada; this is a federal power.

In the case of Union Colliery Company v. Attorney General for British Columbia, the legislature of British Columbia had enacted the power of referring questions to the appeal court of British Columbia with a provision for appeals, and the Supreme Court of Canada held that no appeal lies to the Supreme Court of Canada from the opinion of the British Columbia court on such a reference. If it was the intention of the act to create such an appeal, it was beyond the powers of the legislature of the province, and the appeal was quashed.

Mr. BENNETT: Although it will be remembered that in our similar act we did provide that there should be appeals to the privy council.

Mr. LAPOINTE (Quebec East): Yes.

Mr. BENNETT: And they copied it, limiting it to the Supreme Court of Canada rather than the judicial committee.

Mr. LAPOINTE (Quebec East): Yes, but the legislature of British Columbia could not do any such thing.

Mr. BENNETT: I have sometimes doubted whether we could until after we got extra-territorial powers.

Mr. LAPOINTE (Quebec East): Here is what I desire to submit. The power vested in the parliament of Canada by section 101, made exercisable as it is notwithstanding anything in that act, would authorize legislation giving the Supreme Court of Canada in its character of "a general court of appeal for Canada" not merely appellate civil and criminal jurisdiction as at present, but exclusive appellate civil and criminal jurisdiction in respect of all appeals, and rendering the judgment of this court final and conclusive. Such legislation would in my opinion involve no encroachment upon the powers of the provinces. The powers of the provinces in matters of administration of justice are in section 92 of the British North America Act, and they read as follows:

The administration of justice in the province, including the constitution, maintenance and organization of provincial courts, both of civil and of criminal jurisdiction, and including procedure in civil matters in those courts.

There is no doubt that the giving or withholding of an appeal is a matter of procedure. The provinces have the right to provide for courts of appeal and appeals, but they are limited by section 92 to "in the province"; they cannot go outside, and that is the reason why they could not provide for an appeal to the Supreme Court of Canada. Their jurisdiction, their power of creating a court of appeal, is limited by the words "in the provinces." With this the dominion parliament would have no power to interfere. But the regulation of appeals in civil cases from provincial courts to an appellate court which is not provincial is a matter clearly extraneous to the power to provide for "the constitution, maintenance and organization of provincial courts," or to prescribe the "procedure in civil matters in those courts." It is only the parliament of Canada which can give or take away the right

of appeal to the Supreme Court of Canada. No provincial legislation can give it or deny it. This is abundantly established by the decisions which I have quoted.

Mr. BENNETT: It is the essence of our confederation scheme.

Mr. LAPOINTE (Quebec East): It is the essence; but I believe that by parity of reasoning no provincial legislature can regulate or prohibit appeals to his majesty in council. If they cannot prohibit appeals to the Supreme Court of Canada because it is outside the province, they surely cannot legislate with regard to the privy council.

It follows that if the regulation of appeals in civil matters from provincial courts to an appellate court which is not provincial is a matter which is outside of the scope of provincial legislative authority, the legislatures of Ontario and Quebec have no power to repeal or alter the statutory provisions respecting appeals as of right to his majesty in council, and less still have they power to repeal appeals under the prerogative.

Mr. BENNETT: Or under the orders in council.

Mr. LAPOINTE (Quebec East): Or under the orders in council.

Mr. BENNETT: Because they are imperial orders in council.

Mr. LAPOINTE (Quebec East): Exactly. But if, as the judicial committee has said in the British Coal Corporation case, "such appeals seem to be essentially matters of Canadian concern, and the control and regulation of such appeals thus seem to be a prime element in Canadian sovereignty as appertaining to matters of justice," therefore as the powers distributed by the British North America Act between the dominion on the one side and the provinces on the other side "cover the whole area of self-government"—I am using the language of the privy council in the case of Attorney General of Ontario v. Attorney General of Canada, in 1912—"within the whole area of Canada," and "it would be subversive of the entire scheme and policy of the act to assume that any point of internal self-government was withheld from Canada," the power to regulate appeals to the king in council in civil matters, if it is not vested, as I think I have conclusively shown, in the provincial legislatures, must be vested in the dominion parliament, because we cover the whole area.

In my opinion this power is vested in the dominion government either in virtue of its residuary power under the opening words of section 91, "to make laws for the peace, order and good government of Canada" or under section 101, to provide for "the constitution, maintenance and organization of a general court of appeal for Canada." In re County Courts of British Columbia, Mr. Justice Strong, speaking with the concurrence of the other judges of the supreme court, said:

> The constitution, maintenance and organization of provincial courts plainly includes the power to define the jurisdiction of such courts territorially as well as in other respects.

If that is true of a provincial court, surely it is true of the power of the parliament of Canada to define territorially the powers of its courts. The power given to the parliament of Canada for the establishment of a final court of appeal seems plenary, complete and paramount. If legislation such as that now embodied in the Supreme Court Act authorizing or permitting appeals to the Supreme Court of Canada from provincial courts, be legislation relating to "the constitution, maintenance and organization of a general court of appeal for Canada," I can see no reason for thinking that legislation requiring all such appeals to come to the Supreme Court of Canada would not be equally legislation relating strictly to the matters covered by such words.

But I have a second argument. In the Nadan case the section of our code providing that there should be no appeal in criminal matters was declared ineffective because we did not possess the extraterritorial operation that we could give to our legislation. This has disappeared by the Westminster act, but it has not disappeared as far as the legislatures of the provinces are concerned. True, the Colonial Laws Validity Act was repealed for the legislation of the provinces as well as the legislation of this parliament—

Mr. BENNETT: Quite.

Mr. LAPOINTE (Quebec East): —but under the extraterritorial jurisdiction—

Mr. BENNETT: Except that we gave the provinces some extraterritorial jurisdiction.

Mr. LAPOINTE (Quebec East): Yes, but it is closely limited. They would not have the extraterritorial power which is necessary to enable them to prohibit appeals to the privy council.

Mr. BENNETT: To repeal the provisions of an imperial statute.

Mr. LAPOINTE (Quebec East): To repeal an imperial statute. They have no legislative capacity in that respect any more than they had before, and therefore if extraterritoriality of operation is essential to the legal efficacy

of any law designed to abrogate the right of his majesty in council to grant leave of appeal from any provincial court, then the subject matter of such law clearly falls outside of and transcends provincial authority; and if my reasoning is correct it has to go somewhere, and it has to fall within the legislative powers of the only Canadian legislative body competent to make a law having extra-territorial operation, and that is the parliament of Canada.

Mr. BENNETT: Right there I have some difficulty. In view of the orders in council that delegated to the courts of last resort in the provinces the power to grant appeals to the privy council, a question arises as to who has jurisdiction to repeal or rescind those orders in council.

Mr. LAPOINTE (Quebec East): Unfortunately—not unfortunately, because I believe it is better it should be so—nothing has ever happened which could give to the provinces the right to repeal.

Mr. BENNETT: I am clear the provinces have not the power. About that there is no doubt. I am speaking, however, of the question whether we have the power.

Mr. LAPOINTE (Quebec East): Does not my right hon. friend think that the Westminster act confers full authority?

Mr. BENNETT: I have had some doubt about that. I apologize for interrupting the minister's argument.

Mr. LAPOINTE (Quebec East): With regard to the bill presented by the hon. member for St. Lawrence-St. George, I quite realize that he would abolish appeals from the provincial courts as well as from the Supreme Court of Canada on matters within the competence of the parliament of Canada. Section 3 provides that no appeal shall lie or be brought from any judgment or order of any court in Canada, in relation to any matter within the competence of the parliament of Canada. I am afraid that a sort of chaotic condition would result if appeals could be instituted from some courts in Canada on some matters, which could not be taken from the supreme court on the same matters. In Australia for a time the commonwealth had done away with appeals in constitutional matters and the states had appealed to the privy council on the same matters which had been appealed to the supreme court of the commonwealth. The judgments which were rendered were different, and the Supreme Court of Australia refused to accept the views of the privy council. Quite a confusion was created for some time, though finally appeals were done away with in the states on the same questions.

If on appeals argument should arise as to whether the matter which is concerned in the case is one which is within the legislative competence of the parliament of Canada or of the province, there would be discussions of all sorts; and with the view I have expressed, that this parliament has the paramount power to do away with all appeals and that we could do it, I would rather have us, if we did it at all, make it apply to all judgments from all the courts in Canada.

Mr. CAHAN: I should be very glad to see an amendment in committee to that effect, but I am now going so far as may be absolutely assured by present decisions.

Mr. LAPOINTE (Quebec East): As regards the extent to which my hon. friend goes, there is no question as to the power of this parliament to do it. But as he may see, the question is so vitally important that, for myself at any rate, I should like it to be further discussed and investigated—and this is not to suggest procrastination, a favourite word on many occasions—before we take a step which would be very important. Before doing so I think that everyone should have the time and the occasion to study the matter to the fullest extent.

I conclude my remarks by extending anew my thanks and congratulations to the hon. member for St. Lawrence-St. George.

Mr. J. T. THORSON (Selkirk): I am very glad that the Minister of Justice (Mr. Lapointe) concluded his remarks by thanking the hon. member for St. Lawrence-St. George (Mr. Cahan) for introducing this bill; for it is with words of thanks to the hon. member that I wish to commence my remarks on this subject. He is entitled to the sincere thanks of the Canadian people.

I was very glad to hear the Minister of Justice express the view that it was within the competence of this parliament effectively to prohibit all appeals in all matters from all Canadian courts. I entirely concur in that expression of opinion. There were doubts in my mind as to whether it was competent for this parliament effectively to prohibit appeals in respect of those matters that are within the legislative jurisdiction of the various provinces, but I have come to the view that since the Statute of Westminster, 1931, this parliament has full and plenary jurisdiction effectively to prohibit all appeals in respect of all matters under either section

91 or section 101 of the British North America Act or under a combination of both sections.

I do not intend at this juncture to deal further with the legal argument; it was dealt with in a comprehensive manner by the Minister of Justice. Nor shall I at this stage discuss the effectiveness of the language used by the hon. member for St. Lawrence-St. George in the bill that he has presented to the house. It may be necessary to consider some amendments, but we can attack that problem when the bill is in committee.

I shall confine myself to the principles involved in the measure that is now proposed. In my opinion the Judicial Committee of the Privy Council has not been a satisfactory court for Canada. It is also my opinion that its decisions have in the main and in their totality caused great harm to Canadian national development, and constitute a menace to Canadian national unity. It is also my opinion that the retention of appeals to the Judicial Committee of the Privy Council is now an anachronism, a survival of colonial inferiority, and inconsistent both with our right and with our duty as an autonomous nation.

I do not deny that the Judicial Committee of the Privy Council has included within its ranks many distinguished jurists, but I suggest that on many occasions they have not possessed adequate knowledge of Canadian conditions. They have not often visited Canada; they do not know the Canadian people or the conditions under which they live, nor have they adequately understood the changes that are inherent in the rapid growth of a new nation. They have themselves admitted this deficiency on their own part, by inviting Canadian judges and judges from the other dominions to join the board.

Moreover, there has been little continuity in the membership of the court. Indeed, there has been less continuity of membership in this court than in any other British court in the world. The result has been confusion and uncertainty. They have frequently decided constitutional cases that came before them without any evidence, or without adequate evidence of the issue that was before the court. It is not an infallible court; indeed, it has made many errors and has frequently reversed itself; sometimes these reversals have been by strange and circuitous methods.

I am prepared to judge this court by its record. I agree with the Minister of Justice that it is unwise to make sweeping generalizations; indeed, it is impossible to do so. I am free to admit that many fine decisions have emanated from that body, but I have been driven to the conclusion, after many years of study, that in many vital and fundamental aspects their decisions have done almost irreparable harm to Canadian national development, and constitute a menace to Canadian national unity. I should, therefore, like to see all appeals to the Judicial Committee of the Privy Council, and particularly appeals in constitutional cases, immediately abolished.

I have frequently and for many years urged the abolition of all such appeals. I did so a year ago, when it was my privilege to speak on the subject of the decisions of that body. In the course of what I said a year ago I made four main charges against the Judicial Committee of the Privy Council and its decisions. I stated, first, that the court was a court not of law but of political expediency: second, that it had mutilated the structure of our federal system and changed its basic character contrary to the spirit of confederation and contrary to the clear intent of the British North America Act itself: third, that its decisions had done serious harm to Canadian national development, and, finally that it had failed to protect minority rights. I need not repeat what I said a year ago in proof of the charges that I then made. I have given many years of study to Canadian constitutional law and welcome this opportunity of expressing myself once again in favour of the abolition of all appeals to the Judicial Committee of the Privy Council. I venture the hope that we shall soon see an end to any further disintegration of our national structure at the hands of that body.

What is the greatest issue now before the Canadian people? Can there be any doubt as to the answer? It is whether Canada shall be a great and united nation, able through this parliament to discharge its national obligations for the welfare of the Canadian people. It was the dream of the fathers of confederation that in North America there should be built a great new nation enjoying the freedom and the liberty inherent in the British constitution, and uniting the various racial stocks of which it was composed with the common bond of Canadian nationhood. It was Sir Wilfrid Laurier's proud hope that the twentieth century should belong to Canada. How far we are from this dream of the fathers of confederation! How far we are from the realization of the wish of Sir Wilfrid Laurier! Indeed, Mr. Speaker, there are more disintegrating influences in operation in Canada to-day than ever before in our history. We in this national parliament must become alive to that fact. Thinking men throughout Canada are becoming alarmed. The Canadian people are calling for action.

We see these disintegrating influences operating on every hand. The forces of communism and the forces of fascism are threatening our democratic system. In the great province of Quebec, which we have always regarded as one of the great bulwarks of Canadian nationality, there is a ferment going on which we who do not live in that province do not understand. There is a narrow, selfish provincialism rampant in some quarters in Ontario and elsewhere in Canada. There is discord and discontent in the western prairies, as a protest against the existing order. Our national life is in danger unless we take national action to save ourselves. Let it not be thought for a moment that I am advocating any sort of national government. But I do call upon the Canadian people to assert their rights and to perform their duties as a Canadian nation.

It is my considered opinion that the decisions of the Judicial Committee of the Privy Council have been an important factor contributing to this disintegration of our nation to which I have referred. Many of their decisions have deliberately weakened the bonds of confederation, with the result that this national parliament has been left powerless to deal with many problems that are national in their character. We are wearing a constitutional strait-jacket fashioned for us by the Judicial Committee of the Privy Council and shall never be able to discharge our national obligations until we are released from that strait-jacket.

A year ago I made the charge that the Judicial Committee of the Privy Council had mutilated the structure of our federal system and changed its basic character. They did this in two ways. The hon. member for St. Lawrence-St. George has elaborated in some detail the method the judicial committee followed in this regard. In the first place they cut down the jurisdiction of this parliament by whittling down the meaning of the words "peace, order and good government of Canada" and "trade and commerce," as these words are found in section 91 of the British North America Act, so that they are now almost meaningless.

Mr. BENNETT: And by expanding—

Mr. THORSON: Yes. On the other hand they increased the jurisdiction of the provincial legislatures by enlarging beyond all reason the meaning of the words "property and civil rights in the provinces" and "generally all matters of a merely local and private nature in the province." This course of action on their part has resulted in withholding from this parliament the jurisdiction necessary to deal with national matters and has weakened our power to deal with national problems in the manner in which they should be dealt with. On the other hand there has been assigned to the provincial legislatures jurisdiction over many matters that were never contemplated as being of a provincial character when the British North America Act was framed. The result has been that the provincial legislatures either cannot discharge the obligations that now rest upon them, or do not dare by themselves to discharge them. We have reached an impasse that threatens confederation itself.

I have not time, Mr. Speaker, to deal in detail with the matters that have been held to be outside the jurisdiction of this parliament. I can enumerate them only very briefly. It has been held, for example, that we cannot legislate with regard to the matter of insurance; yet the whole institution of insurance, by its growth and its importance, has assumed the character of a national institution. Nor can we in this parliament inaugurate a national unemployment insurance scheme; yet everyone realizes that in Canada it is not possible to inaugurate any scheme of unemployment insurance unless such scheme is undertaken as a national venture. We have no adequate control over industry. We cannot prevent profiteering in industry; it has been so held by the Judicial Committee of the Privy Council. Nor have we adequate control over unfair practices in industry, even although such practices may be nation-wide in their extent. Nor have we that control over the incorporation of companies that we ought to have and would have had if the decision of the supreme court in the famous Bonanza Creek case had prevailed. We cannot deal effectively with labour problems, such as hours of labour, days of rest, wages or conditions of labour, nor can we set up effective machinery for the conciliation of labour disputes. We had effective machinery for that purpose and we used it for eighteen years, until in 1924 the Judicial Committee of the Privy Council held that the Lemieux act was ultra vires. Even if this country as a nation enters into treaty obligations on the subject of labour conditions and labour generally, it is not possible for this national parliament to implement these national obligations by national legislation. Similarly we cannot in this parliament—nor it would seem, anywhere in Canada—validly enact comprehensive marketing legislation, even if we desired to do so. There is a curious no man's land that has been created in respect of this

subject. The dominion cannot pass the necessary legislation because it interferes with property and civil rights in the provinces, nor can the provinces legislate effectively, because there is an interference with the dominion jurisdiction over trade and commerce. Then, too, Mr. Speaker, we cannot deal with national social problems. We cannot even attempt to deal with social security in a national way. In this parliament we can raise money by any method of taxation, but our right to spend the money is seriously in dispute. If the judgment of the Judicial Committee of the Privy Council in regard to the unemployment insurance act is sound—and I do not think it is—then this parliament cannot spend money for any object that is not within the legislative competence of this parliament. To this state of affairs we have come through decisions of the Judicial Committee of the Privy Council, and by the deliberate act of the judicial committee. The hon. member for St. Lawrence-St. George read the panegyric which Lord Haldane delivered with regard to the work done by Lord Watson, in which he praised Lord Watson as an imperial statesman for making the business of laying down the new law that was necessary his own, and for completely altering the tendency of the decisions of the supreme court, that had been followed during the first twenty years of the history of that court. May we be saved from further imperial statesmanship of that sort. The fathers of confederation saw the weakness of the central authority in the United States as it had been created in that country, and they deliberately determined that in Canada there should be a centralized federalism with the residue of legislative power in the dominion parliament. For twenty years the Supreme Court of Canada upheld this viewpoint and uniformly maintained it; but when Lord Watson came upon the scene, he deliberately altered the tendency of these decisions, with the result that the basic character of the federalism of Canada has been changed so that we now have a decentralized federalism with the residue of legislative power in the provinces.

In the result we are left powerless in this national parliament to deal with national problems for lack of the necessary jurisdiction, and the provinces cannot effectively deal with the duties that have been assigned to them because they have not the necessary powers of taxation. We in Canada are wallowing in a constitutional morass. It was not necessary for the preservation of provincial rights that the Judicial Committee of the Privy Council should have gone as far as it did. I venture the opinion that the privy council failed to grasp and understand the spirit of confederation. They did not understand Canada and its national growth.

Now, Mr. Speaker, what action should be taken by us to recover our national position? Some way must be found to undo the harm that has been done to our country by the decisions of the Judicial Committee of the Privy Council and to recover for this national parliament the necessary power to deal with national problems.

In the first place, we must prohibit all further appeals to the Judicial Committee of the Privy Council. This is necessary for the reconstruction of Canada. We would not as Canadians for a moment permit any outside legislative body to legislate for Canada. Why, then, should we permit an outside judicial body to legislate for us indirectly as the Judicial Committee of the Privy Council has done? I am glad to see this move for the abolition of appeals to the Judicial Committee of the Privy Council. In constitutional cases, particularly, the appeal should be prohibited immediately, in order that further violation of our national structure may be prevented.

It is not sufficient, however, merely to prohibit further appeals. We must do something more, for the decisions of the Judicial Committee of the Privy Council will still prevail and be binding upon us. We must free ourselves from the constitutional strait-jacket that now confines us. To that end Canadian statesmanship of a high order must be directed. We must face the task of recasting our constitution so that Canada will be able to discharge its national obligations for the welfare of the Canadian people. That task will not be an easy one. It will call for courage—great courage, but the cause is a great one—the creation of a great Canadian nation able to discharge effectively its national obligations.

How is this great task to be performed? In the first place, we must recapture the spirit of confederation. We must determine, as the fathers of confederation did, that Canada shall be a great nation. We must face boldly and courageously the task of recasting our constitution. We must see to it that this parliament is vested with the necessary jurisdiction over national matters. We must take care not to interfere with minority rights. Indeed, we must guarantee minority rights so that they shall be preserved inviolate. There is a great distinction that ought to be drawn between minority rights and provincial jurisdiction. The former we must preserve and guarantee, but there is

no reason why national matters should continue to remain within the jurisdiction of the provinces. There is plenty of scope for the provincial jurisdiction; there are many matters for the provinces to deal with that are best left to them.

Then, Mr. Speaker, we must revive the spirit of Canadian national consciousness. That spirit made our troops in France a great fighting force. It can make our people a great nation in the cause of peace. After all, what is the one bond that unites all Canadians? We live in a great country, with great possibilities, but it is a difficult country to govern. There are many racial stocks within its borders, and the economic interests of its various sections are widely divergent. I need not elaborate this further; for every member of the house realizes the difficulty of devising policies of universal application in the various sections of this country. Yet there is one unity amongst us all. The French-Canadians, the Canadians of British stock, the Canadians of foreign-born stock, have one thing in common: We are all Canadians and can unite in a common Canadian cause. That cause is the cause of Canadian nationhood. Surely, as Canadians, we can rip from ourselves the constitutional straight-jacket that now confines our actions, and face with courage and determination, in the cause of Canada, the necessary reforms of our constitution that will give this national parliament power to discharge its national obligations and at the same time enable the legislatures of the provinces to discharge their proper and appropriate functions.

I have great hope that we shall receive some assistance in this task from the report of the Rowell commission on dominion-provincial relations. I was very glad to see the wide scope of that commission; I was particularly pleased with this paragraph in the terms of reference:

> That the commissioners be instructed to consider and report upon the facts disclosed by their investigations; and to express what in their opinion, subject to the retention of the distribution of legislative powers essential to a proper carrying out of the federal system in harmony with national needs and the promotion of national unity, will best effect a balanced relationship between the financial powers and the obligations and functions of each governing body, and conduce to a more efficient, independent and economical discharge of government responsibilities in Canada.

I hope that the findings and recommendations of this national commission will open a new door to the future and will indicate the constitutional reforms that ought to be made. If they do, then we can accomplish the necessary recasting of our constitution. That task must be faced—it must be faced with courage and determination. It will call for Canadian statesmanship of a high order, but it will be a task worthy of the greatest Canadian statesmanship; those who face it will do a great service to the Canadian people; if they succeed, a great new nation will be born.

It is also my opinion, Mr. Speaker, that the retention of appeals to the Judicial Committee of the Privy Council is now an anachronism, a survival of colonial inferiority, and inconsistent with our rights and our duties as members of a commonwealth of autonomous self-governing dominions. The appeals to the Judicial Committee of the Privy Council were meant for the colonies. Canada is no longer a colony. It is a self-governing, autonomous community, equal in status with all the other British nations that make up the British Commonwealth of Nations.

Mr. BENNETT: All freely associated.

Mr. THORSON: Certainly, freely associated. Great Britain does not use the Judicial Committee of the Privy Council as its court of last resort. It has as its court of last resort the House of Lords at Westminster; we in Canada should use at Ottawa our own court of last resort, the Supreme Court of Canada; make it in real truth a Supreme Court for the whole of Canada. Australia has limited appeals in constitutional cases, and as a result she has not suffered from the constitutional impasse which it has been the misfortune of Canada to endure.

I have often been asked why it is that Canadian students who attend English universities almost invariably come back to Canada stauncher Canadians than they were when they left our shores to attend the English schools. It is natural that this should be the result; there is nothing unnatural about it. These Canadian students who go to the homes of learning in England and elsewhere in the British isles learn the essential spirit of the British constitution, that is, that it is the right and the duty of all peoples who live under the British constitution to govern themselves in every aspect of government, internal and external, and that they must exercise every function of self-government, legislative, executive and judicial. It is more consistent with the essence of the British constitution than otherwise that Canadians should be good Canadians and should assert for themselves their rights to self-government, and

assume all the duties of self-government. We cannot call ourselves a self-governing dominion as long as we allow such an important function of government as the judicial function to be exercised for us by a tribunal not our own. The British Coal Corporation case decided an important point. Viscount Sankey spoke of the regulation and control of appeals as a prime element of Canadian sovereignty. As long as we tolerate a continuation of appeals to the Judicial Committee of the Privy Council, we cannot claim Canadian sovereignty; we cannot claim that we are a self-governing dominion. It is more consistent with the best that is in the British constitution that we should prohibit appeals than that we should any longer retain them. As a devout believer in Canada, and in its destiny as a great nation, and as a devout believer in the fundamentals of the British constitution which underly the Canadian constitution, I welcome the abolition of all appeals to the Judicial Committee of the Privy Council as the assertion of a national right and the assumption of a national duty.

Furthermore, as the Minister of Justice has stated, the abolition of appeals to the Judicial Committee of the Privy Council will strengthen the Supreme Court of Canada and raise it in the esteem of the Canadian people. Its decisions and its importance as a national institution have been lessened to some extent by the fact that its judgments are not final, but are subject to review and reversal by a body outside of Canada. It should be the duty of Canada to attract the ablest and best of our Canadian lawyers to our supreme court bench and make the Supreme Court of Canada a great institution for the maintenance of Canadian unity.

May I again thank the hon. member for St. Lawrence-St. George for the great service he has performed in introducing this bill. The prohibition of appeals to the Judicial Committee of the Privy Council is an essential step that should be taken at this stage of our history. It is necessary to the reconstruction of Canada as a great nation, and it is necessary to the maintenance of that new nation if we have the courage to face the task of reconstruction. A belief in the destiny of Canada will give us the necessary courage. It is with great pleasure that I support the second reading of this bill.

At six o'clock the house took recess.

[Mr. Thorson.]

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. 67, respecting the Canadian Pacific Railway Company.—Mr. Turner.

SECOND READINGS

Bill No. 85, for the relief of Dorothy Dean St. Clair Ross.—Mr. Jacobs.

Bill No. 86, for the relief of Frances Margaret Stewart Butler.—Mr. Walsh.

Bill No. 87, for the relief of Agnès Le Blanc Archambault.—Mr. Walsh.

Bill No. 92, for the relief of Louise Anderson Lindsay.—Mr. Macdonald (Brantford City).

Bill No. 93, for the relief of Kathleen Helen Frances Penfold Findlay.—Mr. Walsh.

Bill No. 94, for the relief of Mary Esther Wahl Watt.—Mr. Walsh.

Bill No. 95, for the relief of Grace Barlow Sunbury.—Mr. Ross (Moose Jaw).

Bill No. 96, for the relief of Irene Marjorie Wiseman Litwin.—Mr. Lawson.

Bill No. 97, for the relief of Lorraine Olive Lafontaine Caron Pilot.—Mr. Emmerson.

NIAGARA FALLS OBSERVATION BRIDGE COMPANY

The house resumed from Tuesday, April 5, consideration in committee of Bill No. 15, to incorporate The Niagara Falls Observation Bridge Company—Mr. Damude—Mr. Johnston (Lake Centre) in the chair.

On section 8—Power to construct bridge.

The DEPUTY CHAIRMAN: When the bill was last before the committee section 8 was under consideration.

Mr. CLARKE (Rosedale): After listening carefully f · some time to the arguments pro and con the proposals for each of the bridges, I have come to the conclusion that neither of them represents the proper kind of bridge to be erected. In my opinion a bridge should be constructed as soon as possible and be absolutely free of tolls. When the private bridge company had its property removed by an act of nature, there was removed something which had been obsolete for some years, and an opportunity was given to Canada and the United States to erect a structure worthy to connect these two great Anglo-Saxon countries. For a number of years both countries have been trying to remove tolls from their roads and bridges, and

now the opportunity has come for them to join in establishing a really modern, up to date bridge, one which should be, as I have said, toll free from the day of its completion.

Niagara falls is recognized everywhere as one of the wonders of the world. On one side of that great panorama is the Dominion of Canada and on the other side the United States—two of the most progressive countries in the new world, countries which have done a great deal in removing old-fashioned ideas and out of date customs. I believe we should take such action as will enable people from the old world who visit us to understand something of why the boundary between our two great countries is unprotected by troops and forts, and we should be able to show them something which will symbolize the good fellowship and friendly feeling which exist between us, who may truly call ourselves cousins. I believe the construction of a toll free bridge would encourage tourist traffic between us and would make us better acquainted with each other and with the possibilities of our respective countries.

Mr. WOODSWORTH: May I ask the hon. gentleman whether by a "toll free bridge" he means a private bridge or a publicly constructed bridge?

Mr. CLARKE (Rosedale): If the hon. member will be so good as to wait a minute, I shall come to that point. A toll free bridge would be made possible only through the association of the United States and Canada in bearing the cost of construction and maintenance. Under those circumstances I should not be greatly concerned about the general expenditure which will be involved. The expenditure involved should not be an obstacle, because, divided between the two countries, it can be but very small. When one considers the great advertising possibilities of this bridge, as a monument, for one thing, to the neighbourliness of two great countries that have lived in peace and harmony side by side for over one hundred years, without any force to keep the peace between them, why should that fact not be advertised? I do not want to take up much of the time of the committee—

Some hon. MEMBERS: Hear, hear.

Mr. CLARKE (Rosedale): Well, I suggest that the hon. member for Welland (Mr. Damude) ought to thank me a little for this speech. I was about to say that I should like to see this matter referred back to the committee and brought back into the house with a proposal for a toll free bridge; and that should be done as soon as possible, because every day of delay means that the town of Niagara Falls, and for that matter the whole dominion and the United States as well, are losing revenue which would be derived if the bridge were constructed forthwith. The only point that seems to me to favour the present company is that they will be able to construct the bridge immediately, and I believe there is a possibility of these two great countries getting together and taking care of any expenditures that may be required and protecting any rights that the Niagara Falls Observation Bridge Company may have in the matter. I submit that the parties concerned should get together and construct a toll free bridge for Canada as soon as possible.

Mr. DUFFUS: This is the fifth occasion on which this matter has come before the committee. I have in my hand a copy of Bill No. 15, to incorporate the Niagara Falls Observation Bridge Company, and also a draft copy of the United States act dealing with the same matter. I wish to refer to the discussion which has taken place on this bill, and it is not my purpose to take up the time of the committee talking about the people of the United States or Canada.

Mr. BENNETT: Did the hon. gentleman say that there was a United States act? My information was that they declined to pass it.

Mr. DUFFUS: I said I have a copy of it.

Mr. BENNETT: That is the one which was introduced, but it was not passed.

Mr. DUFFUS: May I say I have listened to the discussion of this important international matter, and to say the least I am amazed to note that the objections have emanated almost entirely from one group in the house. I have before me a list of the names of those hon. gentlemen who have spoken, and in addition to that of the hon. member for Rosedale, who has just sat down, we have had speeches from the hon. member for Davenport—

Mr. MacNICOL: You can always count on him.

Mr. DUFFUS: —the hon. member for Lincoln, the hon. member for Danforth, the hon. member for Broadview, the hon. member for Danforth again, the hon. member for Waterloo South, the hon. member for Davenport once more, and the hon. member for Rosedale.

An hon. MEMBER: And now the hon. member for Peterborough West.

Mr. DUFFUS: Something has been said about a nigger in the woodpile. I do not know which of these hon. gentlemen is supposed to be the nigger, but one thing I am sure of is that the woodpile is pretty well Tory. When this matter first came up I did not intend to speak, but now I find it difficult to refrain from doing so. The obstruction looks to me like a filibuster, and in my opinion it is doing the people of Ontario and of the dominion a grave injustice at this time. As a member of the committee I have listened to and have gone into the evidence. I have also read the bill. As I understand the situation, the government of Ontario, through a corporation, is seeking the consent of this parliament to construct a bridge over Niagara river from Niagara Falls, Ontario, to Niagara Falls, New York, to replace a bridge formerly known as the "Falls View" or "Honeymoon" bridge, which, as has been said many times in this debate, was destroyed by nature in January of this year. I believe that nature, or shall I say Divine Providence, has been extremely kind in removing the old bridge. At times there have been several hundred automobiles and trucks simultaneously on the bridge, and had the bridge collapsed with those automobiles and trucks and many more hundreds of people, it would have been, to say the least, an international catastrophe.

I have been told—and I believe it is true—that 5,304,000 people passed over the old bridge in the course of only seven months during the year 1937, and I believe it is our duty as public men not only to the present but to succeeding generations to see that there is an adequate bridge at this point. Now that the old bridge is gone, I submit that the most serviceable structure that reasonable means and human ingenuity can provide is the only one that should be considered at this time, if ample service and accommodation are to be maintained.

The United States tourist trade, to Canada and particularly to the people of the province of Ontario, is an important consideration. It is, and will continue to be, a major factor in the social and economic well-being, not only of the people of Ontario but of the dominion at large. The tourist trade is fast becoming our greatest industry and it is of increasing economic importance to the country. Moreover, its increase in gasoline revenue is a large and important item to the people of Ontario. I contend that free and uninterrupted traffic to and from the United States at this point will greatly assist the tourist trade and that ample facilities for customs and immigration inspection should be provided because that, too, is of vital importance to people on both sides of the river, as well as those from elsewhere who wish to cross the bridge from time to time.

I repeat that the present delay constitutes a loss to all of the people of Ontario and to many in the dominion, except perhaps to those who live in the city of St. Catharines according to the contention of the hon. member for Lincoln. When the matter was discussed in the railway committee it was said that it had been rushed through. On the first day the committee sat two-thirds of the morning was spent by those who were introducing this new proposal. On the second day at least two-thirds of the time of the committee was spent by those who were opposing it, and who were interested in the old bridge. With the exception of the hon. members who have objected to the proposal in this house, the opinion of the members of the committee was practically unanimous. I have been told that no bill of this kind has been given greater consideration in many years. I cannot substantiate that, because I have not been a member very long. At any rate let me say that tourists and motorists going to and fro between the United States and Canada are usually in a hurry. Delay is irritating and not in the best interests of the tourist trade or likely to create good will with our United States neighbours. Having regard for ample accommodations and the necessary outlay now and in the future, I am convinced that a structure backed and maintained by the province of Ontario and the state of New York is the only type that would be wholly satisfactory in these days of rapidly increasing tourist traffic. Roads and highways constructed only a few years ago are now found to be totally inadequate. It is the duty of public men to guard carefully against a recurrence of this condition of affairs. I should like to read to the committee a couple of verses which express this point of view:

Hordes of autos now remind us
We should build our roads to stay,
And departing leave behind us
Roads that will not blow away.

When our children pay the mortgage
Our fathers made to build those roads,
They'll not have to ask the question—
"Here's the bonds, but where's the roads?"

That pretty well expresses my conviction on this matter, and in the interests of the people of the United States, Ontario and the Dominion of Canada as a whole I am prepared wholeheartedly to support this bill. I think that delay will be a serious mistake and loss

to the people of Ontario. Why those hon. members who represent constituencies in Ontario adjacent to Niagara Falls are holding up this bill is beyond my conception.

An hon. MEMBER: What are you doing now?

Mr. DUFFUS: I have not spoken several times as some hon. members have. Further, let me say that the bridge should be adequate to accommodate increasing tourist traffic for the next seventy-five years. The city of Niagara Falls seems to be quite satisfied with the proposed bridge, as was pointed out by the hon. member for Welland when he read to the committee a resolution passed by the city council to this effect. In addition, the proposed new bridge will be built over what is known as River street; it will not end on River street where there is bisecting traffic and where there have been traffic jams not only on holidays but from week to week at both ends of the bridge for considerable distances. When we build a bridge we should have regard to the requirements of the future.

Inasmuch as the Ontario government, and not this parliament, will be responsible for the construction of this bridge, and that it will be built with funds provided by the people of the United States and the people of Canada and elsewhere who use the bridge, through the tolls they will pay, I can see no good reason why it should be held up in this committee at this time. As a matter of fact, the province of Ontario is simply asking this parliament to sanction the project. It then becomes the responsibility of the government of Ontario to provide adequate facilities for those desiring to cross at this point. Surely, we as citizens of Canada should have some regard for our United States friends whose trade is so valuable to us. Hence we should see to it that this project is carried out with the least possible delay, and that a structure that will give ample accommodation to those who wish to pass back and forth over the border between the United States and Canada is provided.

Mr. POULIOT: To put the matter in a nutshell, it is generally agreed that the old Niagara bridge is a frozen asset, flooded with a tremendous quantity of watered stock.

Mr. LOCKHART: Since this bill, and more particularly section 8, entitled "power to construct bridge" came before this committee on April 5, I have refrained from making any further comments, as I was of the opinion that I had fully expressed my views on that section, as well as voiced the sentiments and protests of a number of home owners in Niagara Falls. These home owners have written me expressing their fear of increased taxation in case the provincial government should take over the five acres of river front property as suggested by the sponsors of this bill. In the light of what took place at the city council meeting of Niagara Falls on Monday last, and following the statements made and inferences suggested in this chamber during the discussion of section 8 on April 5, I find myself in direct conflict with many of the statements that were made both in the city council of Niagara Falls, Ontario, and in this committee.

I wish to direct attention to the remarks I made during the previous debate. I want to make my position quite clear, because I have some pointed references to make before I finish.

When this bill was first discussed my attitude was stated when I said, as reported on page 1831 of Hansard:

> I do not question the motives of the hon. member for Welland, because I have known him too well and too long to do that.

I also said that I did not want the hon. member to feel that any of my remarks were in any way personal, because I know that he presented the bill in the form in which it was given to him to present. I made that statement advisedly, because I had an interview with the hon. member in my own office in this building, and I questioned him as to the motives of those promoting the measure and the purport of this bill. His reply was that he was not familiar with the details of the bill, but that he had been asked to sponsor it; and he did not or could not impart any information to me. This lack of the information which I desired to obtain before making any further comments convinced me that the bill required looking into. I have now made my attitude quite clear as far as the hon. member for Welland is concerned. Turning to page 2049 of Hansard, we have some references which the hon. member made at that time. He said:

> Further, in connection with this matter the hon. member for Lincoln (Mr. Lockhart), addressed a letter, dated March 24, to the Mayor of Niagara Falls—and I may say it was a very fine letter, taking up eighty-three lines of foolscap paper and consisting of 1,079 words—asking the city of Niagara Falls to say whether it appreciated his efforts on their behalf.

Now, Mr. Chairman, I desire to refer to a statement made by Alderman Donald which

is included in the verbatim report of the council meeting appearing in the press on April 5. He said:

I don't know whether Alderman McAninch remembers what trouble Hon. W. L. Houck went to on behalf of the city of Niagara Falls—

Then he referred to some other matters, and went on to say:

The only member in Ottawa who is trying to read out the bridge bill is N. J. M. Lockhart, the member for Lincoln county. Do you know that two years ago when A. B. Damude, our member, asked the government for $90,050 to build the river road, Mr. Lockhart was the only member who objected. He didn't want to see a single five cent piece spent on any road in Niagara Falls. Now he says he is interested in this city receiving taxes.

I challenge the hon. member for Welland to substantiate that statement or correct it in the Niagara Falls press.

Mr. DAMUDE: Does the hon. gentleman suggest that I made that statement?

Mr. LOCKHART: That is the statement which was made; that has come into this argument at this stage, for what reason I do not know.

Mr. DAMUDE: Who said so?

Mr. LOCKHART: Alderman Donald, at the meeting of the Niagara Falls council, said that I opposed the voting of $90,000 in this house.

Mr. DAMUDE: Has that anything to do with the bridge bill?

Mr. LOCKHART: I ask the hon. member to be good enough to inquire into that statement and see if it is true. On March 24, the Niagara Falls council passed a resolution, which has been placed on Hansard already. I do not want to take time to read it again—

Some hon. MEMBERS: Hear, hear.

Mr. LOCKHART: If hon. members wish, I can easily take time to read it, but there are more important points to which I want to refer.

Some hon. MEMBERS: Read it.

Mr. LOCKHART: This resolution was passed by the city council, and appeared verbatim in the Niagara Falls Review of March 24. The council wanted to send a telegram to the Prime Minister. This has been referred to already, and I do not consider it necessary to repeat it to-night. In any case they decided to send this telegram protesting against the passing of this bill until a clause was inserted to protect the citizens of Niagara Falls against the loss of any taxes.

Things seem to happen in Niagara Falls, as they do in Ottawa. Some people allow others to make up their minds for them. I note that the resolution read into Hansard by the hon. member for Welland was adopted by a division of four to three. That is peculiar, because the original resolution of protest was passed by a similar division, only the other way around. I have letters from citizens of Niagara Falls which I could take an hour to read, suggesting why some of the people might have changed their minds.

To return to this press report of March 24, which I am informed is verbatim, Mayor Hanniwell said that there was no encouragement to support public ownership in Niagara Falls.

The effects of it have crippled this municipality. We have had the tax exempt hydro, and confiscation of valuable city property by the Niagara parks commission, upon which no taxes are paid to the city, and there is certainly no incentive to support a publicly owned bridge if a repetition of the past is going to be a fact.

That statement was made early in the discussion of this matter. Alderman McAninch, according to press reports, expressed the same conviction.

I come now to the remarks or, shall I say, the inferences of the hon. member for Welland, as I find them at page 2051 of Hansard. It is to these that I want particularly to direct attention. The hon. member mentioned something about an Ethiopian in the woodpile. This inference can be interpreted only as having reference to the late Hon. J. D. Chaplin. My comment in that connection is this: I hope my hon. friend and I will some time possess the reputation that the late Hon. J. D. Chaplin possessed when he left Ottawa. Many members of this house, on all sides, have continued to impress upon me the sincerity of purpose of the late Hon. J. D. Chaplin.

An hon. MEMBER: Did anyone say that it was Hon. J. D. Chaplin who was referred to?

Mr. LOCKHART: The hon. member for Welland said:

It came from the county of Lincoln, the same place from which it is coming now. Probably there is a reason for this. A remark was made the other evening that there might be an Ethiopian. There is an old saying. Where there is an Ethiopian there usually is a woodpile, and I think the woodpile will be found at St. Catharines. St. Catharines possesses some excellent citizens who are vitally interested in the lower steel arch bridge at Niagara Falls, a company which received from the Canadian National Railways a rental of $100,000 a year. The president of this company, and the secretary treasurer also, two very fine gentlemen, live in St. Catharines; directors

live in St. Catharines. For eleven years the opposition to the building of a bridge across the Niagara river has emanated from that point. To be frank, it came from a late hon. member and minister who resided in that constituency.

That is the statement which was made, and only one inference can be drawn from it; that it referred to the late Hon. J. D. Chaplin. I repeat that many on both sides of the house recall clearly the services which the late Hon. J. D. Chaplin gave to the house and the country. Let me say here most definitely that I do not intend to indulge in any insinuations to-night, but I should like to say that the two men in particular referred to by the Niagara Falls Review, the men who have fought very strongly for the taxpayers of Niagara Falls, are Mayor Hanniwell and Alderman McAninch. I want it distinctly understood that I do not even know these two men, and have never met them. I have heard of them, but I would not know them if they were to meet me on the street. I can say, however, that I believe the citizens of Niagara Falls owe a debt of gratitude to these two men and to the other members of council who have so ably expressed themselves against this bill in its present form.

The hon. member for Welland mentioned the Ethiopian in the woodpile; I have read the passage in Hansard, and I say it points definitely to the late Hon. J. D. Chaplin. Then my hon. friend went on to say that the president and secretary-treasurer of the lower arch bridge company were also residents of St. Catharines. The suggestion is thrown out again that there has been collusion of some kind between these gentlemen and myself. I refute that suggestion. I want to say definitely that I have not discussed with the president, the vice-president or the secretary-treasurer of the lower arch bridge company—

Mr. DAMUDE: Does the hon. member suggest that these gentlemen do not live in St. Catharines?

Mr. LOCKHART: I do not suggest any such thing at all. I said it was stated in this chamber that they lived in St. Catharines, and the inference was that I had been in collusion with these gentlemen. I want to state definitely, that I have never discussed the matter with any of the officers or officials of the lower arch bridge company, and I want that distinctly understood. My stand on this whole question in the House of Commons has been prompted by a great many home owners in the city of Niagara Falls, men struggling to save their homes, from whom I have received a number of letters in connection with Bill No. 15, and their fear of increased taxation. I could take time to read these letters, but I shall give the committee a number of the questions contained in them which I have condensed.

The first question I pick out of one letter is this:

> Why did Bill No. 15 as first presented authorize the raising of $7,500,000 to build a bridge when the bill as introduced in the state assembly of New York only provided for the raising of $3,000,000?

That is practically the first question I received. Here is the second question:

> What explanation has been given that the amount can now be reduced to $4,000,000, still $1,000,000 more than asked for in the state of New York?

Another question that was asked by a gentleman who is struggling hard at the present time to save his home in Niagara Falls is:

> Why has the meeting arranged for March 26 never been held?

I have referred to that meeting in previous remarks in this chamber. That meeting, which was to consist of all interested parties, was postponed. I have raised that question in committee, and I have raised it in the house, but the meeting has not so far been held. It was to be a meeting of the parks commission, the International Railway Company officials, the mayor and council of Niagara Falls, the Hon. W. L. Houck and the hon. member for Welland, to discuss the problems in connection with this proposal. The date of the meeting was to be three days after the bill was passed in the committee, where I objected to the bill being rushed through, and I asked for a short delay until the matter might be discussed at length in Niagara Falls.

Another question I have been asked is this:

> Is it not possible to insert a clause in Bill No. 15, that would protect the taxpayers of Niagara Falls against loss of taxation if five acres of river front is to be taken over?

It is pointed out that it is the most valuable river front property along the border. I can read the letter if that is desired, but I think the hon. member for Welland will admit that it is an extremely valuable piece of property. Here is another question I have been asked:

> Would I urge that a protective clause be inserted in Bill No. 15?

I think it has been suggested in council at Niagara Falls and in the discussions here that some protection should be given, and I have already made myself clear on that point. Another question I was asked was this:

> Could I ascertain if the report was correct that some of the provisional directors named in Bill No. 15 were related to members of the provincial government?

I can read the whole letter if any member wants me to. Those are pertinent questions, Mr. Chairman.

Another question was this:

In view of the statement made by the hon. member for Welland that he was assured the provincial government would protect the taxpayers, would I ascertain on what authority this statement was made?

The question was asked by an hon. member the other night, and I have not heard it answered yet. Another question was this:

If clause 8 in Bill No. 15, provided that no action could be taken by provincial authority until concurrent legislation was passed in New York state, and such legislation having been killed by the New York State Senate, could I find out why Bill No. 15 was being pushed through so rapidly, particularly before the postponed meeting of March 26 had been held?

There are many other inquiries of a similar nature which I have received in correspondence from taxpayers and home owners at Niagara Falls. Is it any wonder that I have to-day received one or two more letters asking whether I have found the Ethiopian in the woodpile.

I have felt it my duty to refer to the many insinuations and incorrect statements that have been made, and I should like the hon. member for Welland, before the bill passes, to clear up these incorrect statements, particularly the one that I blocked an expenditure of money. May I suggest further to the hon. member that he should observe the old axiom that "people in glass houses should not throw stones."

I want to give some more convincing evidence as to the amount of discussion that took place and may I again refer to that marvellous letter of 1,079 words to which reference has been made. I propose to put the whole letter on Hansard and then leave it to the committee to judge whether it is the sort of letter the hon. member represented it to be, that I was simply wanting to know whether the council and the corporation of Niagara Falls were satisfied with my actions. The letter is dated March 24, following receipt of most of these letters to which I have referred. The letter is addressed to the mayor and council of Niagara Falls, Ontario, and I am going to put it on Hansard so that the members of the committee may judge for themselves the inferences and references made here the other night:

I am enclosing a copy of Bill No. 15, which was considered again yesterday before the committee of railways and canals and telegraphs. The bill was sent on to the House of Commons for consideration, contrary to the wishes of some members of the committee. Several minor amendments were made to the bill but the intent and purpose remain the same.

I was one of the members of the committee who were of the opinion that the bill should not have been hurried through, in view of press reports and other considerations involved. I have no apology for the stand I took, which I considered was in the best interests of the citizens of Niagara Falls, Ontario. I based my arguments on the reports in the St. Catharines "Standard" under dates of March 21 and March 22.

On the first mentioned date, March 21, the following appeared:

"A joint conference of the city council, the chamber of commerce and representatives of the International Railway Company and the National Parks Commission, with A. B. Damude, M.P., and Honourable W. L. Houck, will be held at Niagara Falls on March 26 to discuss the two proposals for bridges across the Niagara river. Both Mr. Damude and Hon. Mr. Houck have assured Niagara Falls city council, according to Mayor C. D. Hunniwell, that they will do everything possible in the event of government bridges built to see that the municipality does not lose taxation on the structure."

Let me supplement that by stating that there was a letter by the hon. member for Welland to the mayor of Niagara Falls on March 15, in which he said he would not "support a measure that will deprive your municipality of the assessment that you so urgently need." The minutes of the last meeting of council show that although the matter was discussed on four or five occasions, no such assurance had so far been given. I quote again from my letter of March 24:

The following article appeared in the St. Catherines "Standard" of March 22: "The city council of Niagara Falls approved a motion to be submitted to the Honourable W. L. Houck recommending that all properties acquired by the province or the Niagara parks commission and in use for highway purposes be subject to proper taxation. Alderman J. A. McAninch declared that the parks commission was using some of the city's most valuable property fronting on the river, and they might as well take over the entire city."

My inquiry of Mr. Damude while in committee was that if such a meeting was being held on March 26, and in view of other press reports I was of the opinion that the council of the city of Niagara Falls were not satisfied with the deliberations to date, and I was opposed to presenting any bill to parliament until the people's wishes in Niagara Falls had been met. Mr. Damude later explained to me that the meeting called for March 26 had no particular bearing on the decision to be arrived at by the committee, and was called for the purpose of giving some general information. He urged that the bill be sent on to parliament, and he was supported by the majority of the committee. Accordingly, the bill has been sent on to the House of Commons.

Having in mind the difficult position that the municipality of Niagara Falls, Ontario, has found itself in during the past few years, and having in mind that perhaps over $10,000 per

annum has been derived from the International Railway Company by way of taxes, and having further in mind that all municipalities are being faced with higher tax rates in 1938 by reason of increased responsibility for relief, I took the stand that the corporation of Niagara Falls, Ontario, should be supplied with every possible information and were fully satisfied before any steps were taken which might in future deprive them of taxes which are so urgently needed. It was my opinion and conclusion that the meeting to be held on March 26 would possibly clear away any difficulties in the minds of your council, as all the interested parties were to be in attendance.

May I, in further explanation, state that it was argued by the chairman, and supported by some members of the committee, that as the presentation of this bill to parliament had been properly advertised, and as the council of Niagara Falls, Ontario, had taken no steps to register any objection to the bill; and further, that a resolution passed by the council in February supported the erection of a toll-free bridge, there should be no further delay in presenting the bill to the House of Commons.

With this argument I could not concur, in view of all the information as contained in the foregoing part of this letter.

That there may be no misunderstanding, let me make my position clear. Either all the press reports were erroneous, or there must be some misunderstanding as to the purpose of the meeting that is to be held on March 26. My one desire is that the citizens of Niagara Falls, Ontario, through their council body, have every possible opportunity to express their views before any proposed bill was presented to parliament. The bill in its amended form will now come before the House of Commons in due course, and later before the Senate. If the rights of the citizens, in your opinion, are being protected in every way and their expressed views are being complied with, I cannot see that any good purpose can be served by further discussion of the bill now before the house.

I would appreciate knowing whether your council endorses the stand I took in committee on the bill. I would also appreciate advice as to what final decision is arrived at following the meeting on March 26.

It is my one desire to protect the rights of all citizens, who are after all, the people who are required to assume any increased burden of taxation.

It has been said that a resolution was introduced in the council and was defeated. That resolution was placed on Hansard before. That resolution was defeated four to three. It will be found on page 2050 of Hansard. It contains a statement that I said that the condition of the city of Niagara Falls is one of virtual insolvency. I hesitated to take up the time of the committee in reading the whole of this letter, but I felt it was necessary to do so in view of the statements that have been made. In this house inferences have been drawn and statements made which I hope are now conceded to be incorrect. This is another question from the verbatim report of the council meeting of April 4, Alderman McAninch speaking:

I believe they owe that loyalty to this municipality. They would see that we have something in writing about taxes on the bridge. You remember when I told Mr. Stewart Lyons we should have a new agreement regarding hydro taxes for this municipality, he said to me, "Niagara Falls sold themselves out when the former city council dealing with the former hydro commission didn't see there was a clause in the contract to protect the city of Niagara Falls." I have no axe to grind with who builds the bridge. I am not arguing that point, but after Mr. Lyons' "talk" I want to see to it the solicitor and the city council sees there is a clause put in the bill requiring the company to pay taxes on any property they take over, and their successors be obligated to carry out that agreement.

I could read passage after passage from the verbatim reports that have appeared in the press of Niagara Falls, and I could read many extracts from letters I have received, but perhaps what I have quoted will be sufficient. When anyone talks about there being an Ethiopian in the woodpile, I can only repeat what I said before, that "people who live in glass houses should not throw stones." I have the evidence; I had the letters—

An hon. MEMBER: One minute to go.

Mr. LOCKHART: I can go for much longer than that. I quote again from the verbatim report:

Alderman McAninch asked Mayor Carl D. Hanniwell if he had any assurance, in writing from either Honourable E. L. Houck, A. B. Damude, M.P., or anyone, that taxes would be paid to the city.

Progress reported.

PRIVY COUNCIL APPEALS

PROPOSED ABOLITION OF APPEALS TO HIS MAJESTY IN COUNCIL

The house resumed consideration of the motion of Mr. Cahan for the second reading of Bill No. 19, respecting appeals to the Judicial Committee of the Privy Council.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, perhaps this field of discussion may be regarded as a preserve for legal gentlemen, but the consequences of the existing arrangements are of such a serious nature that even a layman must seek to understand the principles involved. My own interest in this question of appeals to the privy council was quickened years ago by some informal gatherings that a few of us were privileged to attend in the

home of the late John S. Ewart. I desire to pay a tribute to the pioneer work which he performed in the advocacy of constitutional reform.

I wish to join with the Minister of Justice (Mr. Lapointe) and the hon. member for Selkirk (Mr. Thorson) in congratulating the hon. member for St. Lawrence-St. George (Mr. Cahan), upon introducing this measure, and, if I may, upon his able presentation. He is in years one of the older members of the house, but in spirit he is one of the most vigorous and most youthful. I find myself in hearty agreement with my fellow citizen the hon. member for Selkirk. I trust that his eloquent appeal for a true Canadianism will re-echo across Canada. I should also express my appreciation of the advanced stand taken by the Minister of Justice in declaring that the dominion has exclusive appellate jurisdiction—if I caught his words aright, "paramount powers of doing away with all appeals." But I confess that I cannot understand the hesitation of the Minister of Justice to proceed at once to enact legislation which would accomplish what I believe a vast majority of Canadians would hail with satisfaction. The hon. member for Selkirk put the situation graphically when he said that we are wallowing in a constitutional morass. The Minister of Justice agrees, but he takes the position in effect, "Let us wallow for a while longer."

Before the Minister of Justice spoke, I had intended to express regret at the limitations of the scope of the bill as contained in such terms as "in so far as the same are part of the law of the Dominion of Canada" and "within the competence of the parliament of Canada." But I am glad that the hon. member for St. Lawrence-St. George is willing to accept an amendment in harmony with the position taken by the Minister of Justice.

It is not my purpose to attempt an original argument in favour of the bill. Rather I content myself with the more humble task of presenting some paragraphs written by others which have appealed to me and which may be of service to lay members of the house and to the general public.

In my judgment, the best summary of the situation is contained in the brief of the League for Social Reconstruction, submitted recently to the royal commission on dominion-provincial relations. I quote:

> As a result of seventy years of judicial interpretation, the dominion parliament finds itself shorn of its general residuary powers, except on occasions of national calamity greater than the world crisis of 1929-35, shorn of much of its power to regulate trade and commerce, shorn of a great part of its power to implement treaties, and almost totally incapable of providing for the masses of Canadian population that protection against the national evils of unemployment, fluctuating wage and price levels, and social insecurity which is being increasingly demanded to-day. People in need have been forced to look to the provinces for help; the provinces in their turn are incapable of giving it in adequate measure.

Another summary which appeals at least to a layman is contained in the brief presented to the commission by the Native Sons of Canada, prepared by J. B. Coyne, A.R.M. Lower, and R. O. MacFarlane. Speaking of the members of the privy council, the brief states, at page 23:

> Its members have been held up as great imperial statesmen. But one of the anomalies of our history is that while the constitutional position of the dominion has constantly been growing larger vis-a-vis the imperial government, yet almost in equal proportion and at the same time, it has at the hands of the privy council been growing smaller vis-a-vis the provinces, and less able in consequence to fill its enlarging national role . . .

A little later:

> But the privy council has been unwilling to learn except in a most superficial way, the circumstances in which and out of which the enactment of the British North America Act arose, rejecting the history of the Charlottetown and Quebec conferences, the parliamentary debates that show the purpose and intention, the use made of the United States constitution as an example, the degree in which it was adopted, extended or rejected, and the negotiations in London. It has made no reference to them save in isolated cases where such reference served its temporary purpose. It is unfamiliar with subsequent change and present conditions in Canada, physical, economic, social and psychological. . . .

A little later on:

> . . . the privy council has remade the British North America Act and fashioned it into something entirely different from and contrary to that intended by the fathers of confederation and clearly expressed in its terms; that just what the privy council has made it into is almost impossible to discover because of contradictions, inconsistencies and confusions in and between its various decisions; that nearly all the defects found in the constitution as now interpreted have been put there by the privy council and that most of such defects do not inherently belong. It is not alone the actual decisions; where the privy council may be right in the result, it has said so much that is wrong.

The Australian experience has been similar to that which we have had in Canada. The hon. member for St. Lawrence-St. George has already quoted Mr. Hughes, the Australian Prime Minister who spoke at the imperial

conference of 1918; but I think, since I am presenting my point of view, I may be forgiven if I quote a few sentences again:

. . . The eminent judges ordinarily available on the judicial committee, for all their legal learning and judicial experience, have not among them a single man who is intimately familiar with this constitutional document, or with the vital processes underlying it, a knowledge of which is, in the case of any constitutional document, necessary, to a full appreciation of both letter and spirit. Australia's experience of the privy council in constitutional cases has been, to say the least of it, unfortunate.

Referring to a particular case, Mr. Hughes added:

Its decision is one which must have caused great embarrassment and confusion, if it were not for the fortunate fact that the reasons for the judicial committee's decision are stated in such a way that no court and no counsel in Australia has yet been able to find out what they were. That is what must happen when a tribunal on the other side of the world, no matter how eminent and experienced its members may be, has cast upon it the duty of interpreting a complicated constitutional document with the history and principles of which no member of the court, and perhaps no counsel practising before the court, is especially familiar.

In an article in the Fortnightly of April, 1937, a writer calling himself Historicus notes the enlargement of provincial powers under privy council decisions. On page 471 he says:

What has happened? Merely this—that sections 91 and 92 have been interpreted by the privy council in such a way as to invalidate any dominion act unless it can be brought under the narrowest interpretation of the provisions of section 91, without coming into conflict with the widest possible interpretation of the "property and civil rights" provision of section 92. This process of interpretation by the privy council from the end of the nineteenth century down to 1930 enlarged provincial powers and diminished dominion powers in a way that would have astounded and discouraged Macdonald, Cartier, and their colleagues of 1867 . . .

The same point of view was definitely set forth by our own under-secretary of state for external affairs in his evidence before the 1935 special committee of the House of Commons on the British North America Act. I might say parenthetically that this committee was one which was set up after a motion of my own urging that we seek to discover some way of amending the British North America Act.

Doctor Skelton said:

In the United States they began with a constitution which emphasized state rights, but under the guiding hand of John Marshall and his successors, it was gradually transformed in many particulars until the balance was decidedly shifted in favour of national rights: In Canada, under the guiding hands of Lord Watson and Lord Haldane, a constitution which in the mind and intent of the fathers of confederation was deliberately designed to profit by the mistakes of the United States, manifested in the struggles culminating in the civil war, and to make the central government the predominant factor, the residuary legatee, has been interpreted in definitely the wrong direction.

The hon. member for Selkirk touched upon the contention that the right of appeal gave some assurance to the minorities that their special right would not be interfered with.

Mr. THORSON: No; I said quite the reverse.

Mr. WOODSWORTH: The hon. member misunderstood me; I referred to the argument frequently advanced. After a very careful review of the cases, Mr. Frank R. Scott writes in Queen's Quarterly, 1930, at page 677:

What the privy council has done in our constitution is to safeguard, not minority rights, but provincial rights. An elaboration of this statement is not possible here, but it may be stated with little fear of contradiction that the privy council has carried its protection of provincial claims so far that to-day we have in Canada a distribution of legislative powers quite unlike that which was agreed upon at confederation, and one which by its undue enlargement of the provincial sphere, considerably weakens the efficient and harmonious structure of our constitution. Possibly the judicial committee has thought that in cutting down the dominion powers they were assisting the minority in Canada. If so they were grievously mistaken.

This conclusion was arrived at after a careful review of the cases that had been before the privy council. As to the general consequences of privy council decisions, I would refer anyone interested to the Canadian Bar Review of June, 1937. Into the details of that I shall not attempt to enter.

One other aspect of the situation is that the decisions of the privy council place vested interests above the public weal. This is emphasized in an editorial in the Ottawa Journal of February 22, 1912. It is quoted by Olivier in his book Le Canada, Pays Souverain, which was published in 1935. I quote:

A number of decisions of great importance made recently by the law lords of the privy council have been such as to raise doubt of the equity of that tribunal. Ground is given for the suspicion that, however disassociated the law lords of the P.C. may be from our local prejudices or predilections, they may not be without unconscious bias due to their own surrounding and atmosphere . . . several judgments recently given suggest an undue tenderness to vested interests, seeing that in all the cases referred to the Canadian courts had previously decided the other way . . . we take the liberty of thinking that the law lords

of the privy council are quite likely to be the mistaken ones. And in all these cases it was a question of vested right against the public weal . . .

We confess that these cases, coming within a couple of years, shake your idea of the desirability of the option of going to the privy council. We believe Canadian judges to be of as high a standard of honour as English judges and to be as judicial in their frame of mind . . .

At all events, the fact is decidedly discomforting that in law suits affecting three great public contracts in Canada, all of which are governed by Canadian law, all the judicial decisions in Canada should have been in favour of the public and all the decisions of the imperial privy council in favour of the private corporations.

Without going into the arguments advanced for and against appeals, I would refer any student to Mr. J. S. Ewart's and Mr. George H. Sedgewick's article in Queen's Quarterly, 1930. It seems to me that the hon. member for Selkirk was quite right, that the appeal to the privy council is after all a relic of colonialism, and it should have no place since the passing of the Westminster act.

In closing, may I express the hope that the Minister of Justice will reconsider his position with regard to the desirability of further delay. Never had we a better opportunity of bringing about a much-needed and long overdue reform. As I heard him I could not but recall those lines from Shakespeare:

There is a tide in the affairs of men
Which, taken at the flood, leads on to fortune;
Omitted, all the voyage of their life
Is bound in shallows and in miseries.

I hope the Liberal party will give consideration to that aspect of the matter. Continued hesitation is probably a hang-over of the long-continued inferiority complex.

Mr. W. F. KUHL (Jasper-Edson): Mr. Speaker, I listened this afternoon with much interest to the debate on this bill which has been introduced by the hon. member for St. Lawrence-St. George (Mr. Cahan). I listened also with interest to the Minister of Justice (Mr. Lapointe) and to the other hon. members who have spoken. All, or nearly all, of the references that have been quoted by hon. members are to the constitutional question, particularly judgments of the Judicial Committee of the Privy Council concerning the relationship of the provinces to the dominion. This relationship is set forth in sections 91 and 92 of the British North America Act. It is quite true that the judgments tend to disregard the intentions embodied in the Quebec resolutions of 1864; but in my humble opinion the fault lies not in the judgments themselves, but in the drafting of the British North America Act.

[Mr. Woodsworth.]

Lord Carnarvon was chairman of the meeting held prior to the introduction of the British North America Act in the House of Lords, on February 19, 1867. Montague Bernard was recording secretary, and the bill was drafted by Lord Thring.

On the address in reply to the speech from the throne I stated on February 10 that the British North America Act was an intentional misrepresentation of fact, and for that reason was null and void. I do not intend to repeat what I said at that time, but I would simply draw the attention of the house to the fact that no statement which I then made has to this date been refuted. At the first session of this parliament, the Prime Minister, on April 1, 1936, quoted from Sir Courtenay Ilbert, parliamentary counsel to the treasury, on the importance of a preamble. Without implying that Sir Courtenay Ilbert is not a great jurist, and without detracting in any measure from the honour that is his due, I desire to quote a few paragraphs from the works of his teacher, Lord Thring. In the Annual Register, of 1907, at page 110 we find that Lord Thring became counsel to the Home Office in 1860. In 1870 he left that post for the new office of parliamentary counsel to the treasury, his duty being to preside over a separate department charged with the preparation of government bills. This department, the idea of which was due to Mr. Lowe, was very successful, chiefly owing to the great skill in draftsmanship of its chief. He it was who drafted the British North America Act, the Interpretations Act of 1889, the Merchant Shipping Act amendment of 1862, the Irish Church Act of 1869, the Land Drainage Act of 1861, the Home Rule Bill of 1886, and numerous others, reference to which is made in his book Practical Legislation published in 1902. On page 9 of that book he says:

But it is necessary to attain, if possible, to a degree of precision which a person reading in bad faith cannot misunderstand. It is all the better if he cannot pretend to misunderstand it.

In speaking of the Army Act of 1881 he states that it took ten years to draft, and says:

Some idea of the labour involved in preparing this measure may be formed from the fact that the papers written to explain the law alone fill a folio volume of 1,067 printed pages.

In 1868 Lord Cairns appointed a statute law committee of which I am the only original member surviving. The duties of the committee are to make arrangements for, and superintend the publication of, a revised edition of the statutes.

The committee also superintend the preparation of an index of the whole statute law,

digested on a system laid down in instructions of great particularity issued by the committee for the use of the compilers.

On page five he tells us:

I continued to be employed in drafting acts of parliament during my private practice at the bar till 1861, when I was appointed counsel to the Home Office, an office which was afterwards converted into the office of parliamentary counsel, and for the remainder of my official life I was occupied almost entirely in preparing legislation. "It will be seen, therefore, that whatever deficiencies may exist in the following treatise, they are at all events not due to ignorance or want of experience."

Lord Thring drafted the Colonial Laws Validity Act of June 29, 1865, which act no longer applies to the Dominion of Canada. He having drafted the British North America Act and the Interpretations Act of 1889, I have no hesitation in stating that in my opinion he knew whereof he wrote; and when he draws a distinction between the legislature of a colony and the parliament of Great Britain he means exactly what he says. As regards those who do not understand the decisions of the privy council, their failure to do so is due, in my opinion, to the fact that they do not differentiate between a parliament and a central legislature of a colony. The main difference between them is that whereas the acts of a parliament cannot be disallowed, the acts of a central legislature can. I desire to draw the attention of the house to the fact that according to Lord Thring this parliament is a central legislature and nothing more, the members of which should be designated by the letters M.C.L. and not M.P. And this house never was and never can be a parliament of the Canadian people. In the judgment of the privy council this house has no treaty- making power, and can have this power only when the provinces confer it. In their judgment they say that Canada, the dominion and the provinces together, have a competency of all power, both legislative and executive. In other words, they tell us that we can govern ourselves; that we are not subordinate to the imperial parliament. Now, Mr. Speaker, if Canada has a competency of all power to govern, and Canada is composed of nine provinces, there is nothing to prevent the nine provinces from creating a parliament of Canada whose acts would not be subject to the power of disallowance.

In my opinion, taking our cases to the privy council is an act of subserviency on our part and a distinct reflection on the erudition, dialectical ability or integrity of the eminent academicians of our supreme court, an act which should no longer be countenanced by the Canadian people. However, I do not wish the privy council of Great Britain to think that we desire to reflect in any way upon the admirable judgments they have handed down in the cases which we in the past were compelled to place before them. One of the main reasons why we can be considered capable of self-government is that we do understand the implications of these judgments of His Majesty's Most Honourable Privy Council.

This house, which sits to-day upon the shifting sands of discontent, has no power to cancel these appeals. The provinces of Canada will only laugh at the attempt to detract in any measure or curtail in any manner their prerogative of taking any case before the august tribunal the Judicial Committee of the Privy Council.

I am aware that the statute of Westminster of December 11, 1931, does not apply to this house; for nowhere does it apply to the central legislature of a colony. No parliament of Canada can be created until there is an agreement signed among the provinces creating a parliament. As no attempt to refute the statements made by myself in the debate on the address in reply to the speech from the throne on February 10 has been made, it is conceded that what I said is true.

Some hon. MEMBERS: Oh, oh.

Mr. GRAYDON: May I ask the hon. member a question? Do I understand him to suggest that this parliament has no status as a legislative body?

Mr. BENNETT: That is what the hon. member says.

Mr. FINN: That is what he means.

Mr. KUHL: I believe the hon. member is justified in drawing that conclusion.

Mr. FINN: Then why is the hon. member here?

Mr. THORSON: Would the hon. member indicate where he got these queer ideas?

Mr. KUHL: I placed on Hansard on February 10 a clear outline of the reasons for my statement. If the hon. member wishes to refute any of the facts or arguments which I placed before the house, I shall be pleased to hear the refutation.

Mr. THORSON: Why battle against windmills?

Mr. KUHL: To continue, Mr. Speaker, I contend that since the arguments I placed before the house on February 10 have as yet

not been refuted, it is conceded that what I said was true, that the British North America Act was an intentional misrepresentation of fact, and is therefore null and void. This being so, it cannot be retained as part of the statute of Westminster. Each province is therefore a political unit, without a political superior, and there is nothing to prevent them from creating a federal union and stipulating that the Supreme Court of Canada be the court of last resort.

Mr. THORSON: What authority is there for that statement?

Mr. KUHL: Subsection (2) of section 7 of the statute of Westminster.

Mr. FINN: Read it, please.

Mr. KUHL: It reads:

> The provisions of section two of this act shall extend to laws made by any of the provinces of Canada and to the powers of the legislatures of such provinces.

Mr. THORSON: Would the hon. member read the first subsection?

Mr. KUHL: It reads:

> Nothing in this act shall be deemed to apply to the repeal, amendment or alteration of the British North America Acts, 1867 to 1930, or to any order, rule or regulation made thereunder.

Mr. THORSON: So the British North America Act is preserved intact.

Mr. KUHL: In my speech on February 10 I believe I produced sufficient evidence to show that unless the preamble of a bill can be proven, the bill fails. If the preamble of the British North America Act cannot be proven to-day, how could it have been proven in 1867? If it cannot be proven, is it not a natural consequence that the bill is null and void?

Mr. THORSON: Does the hon. member expect that argument to be taken seriously by anybody in Canada?

Mr. KUHL: If it is based on fact, I certainly do.

Mr. THORSON: "If."

Mr. KUHL: I have presented what I regard as facts; I have quoted the right hon. leader of the opposition (Mr. Bennett) and the authorities given by the right hon. Prime Minister (Mr. Mackenzie King) as to the nature of a preamble and what is expected of a preamble.

Mr. BENNETT: It must occur to the hon. gentleman that if the preamble is accepted by the enacting legislature as having been proven, it is not for us to say it has not been.

[Mr. Kuhl.]

Mr. KUHL: I am not sure that I understand the statement of the right hon. gentleman.

Mr. BENNETT: I merely mean this, that the British North America Act is a statute which was passed by the parliament at Westminster, and the preamble was passed by that parliament. Having been passed by that parliament, it is not for us to question it. We have no legislative power in regard to it.

Mr. KUHL: Would the right hon. gentleman say there was evidence that the preamble to the British North America Act was proven by the imperial parliament?

Mr. BENNETT: It was accepted and passed by them.

Mr. GRAYDON: I should like to make one observation. It occurs to me that the hon. gentleman is definitely out of order to-night in bringing this matter before a body which has no legislative jurisdiction whatsoever in regard to it.

Mr. THORSON: Indeed, according to his own argument he has no right to be here, because he is here pursuant to the provisions of the British North America Act.

Mr. KUHL: I am placing my opinions before the house, and I shall be pleased to listen to any refutations that may be made when hon. members make their own speeches.

Mr. POULIOT: Would my hon. friend be kind enough to let me ask the question which the hon. member for Selkirk (Mr. Thorson) would not let me ask this afternoon?

Mr. KUHL: The hon. gentleman may ask, but I do not know that I can answer.

Mr. POULIOT: Whereas His Majesty King George VI is the king of Canada; and whereas it is the privilege of all British subjects to bring their grievances to the foot of the throne, how shall we do so if appeals to the privy council are denied?

Mr. KUHL: Perhaps the hon. gentleman would repeat his question after I have concluded my speech, if I may be allowed to do so.

Regardless of whether we think appeals to the privy council should be discontinued, we certainly have no power to determine the minds of the legislatures of the provinces in this matter. Further, I contend that to attempt to enact legislation upon this subject at this time, for the reason that this house disapproves the decisions which have been rendered in some cases, is to deprecate our own intelligence and is a mark of extreme

discourtesy to the members of the privy council who in the past have given so much of their time to the cases we have placed before them. Notwithstanding this, I am in favour of the principle that the Supreme Court of Canada should be the court of last resort so far as all Canadian cases are concerned. But, Mr. Speaker, I suggest that one supreme court justice be nominated by the bar association of each province, appointed to the position, paid by the legislature of the province and sworn in by the central government. This would be a democratic method of procedure. But for us to attempt to take from the provinces at this time the right of appeal to the privy council, limiting them to the final decision of a supreme court nominated and appointed by the dominion executive, would engender a well founded suspicion in the minds of the members of the provincial legislatures that the executive of this dominion government were attempting to do away with their right of appeal to the privy council; so that if or when the dominion government should have the British North America Act amended without the consent of all the provinces, as is proposed, those provinces would have no appeal but would be compelled to abide by the decision of a court created and constituted by the dominion.

Thus would this government cut off the last resort of the provinces. After having had the decisions of the privy council to guide our actions with regard to legislation affecting all the provinces; having been told by them that the dominion is created by the provinces and is not their master; having been told that legislation in respect to Canada, both externally and internally, must receive the assent of all the provinces, why attempt to do something which is not within our power, something which will most certainly be held ultra vires of the power of the dominion by the Judicial Committee of the Privy Council?

The question before the house is: Are we to attempt to enact a measure which will entail considerable expense in being taken before our courts, and from there to the privy council? I have no hesitancy in stating that in my opinion such an enactment will be disallowed unless it receives the assent of the provincial legislatures. Therefore I believe it would be best for all concerned if the hon. member would withdraw this bill.

Mr. THORSON: Before the hon. member sits down, will he please indicate to the house the name of the constitutional authority with whom he has been consulting in his study of these subjects, and the name of the author of the pamphlet which I have no doubt is the source of his dissertation upon these matters?

Mr. KUHL: I feel that the hon. member can answer the question for himself.

Mr. THORSON: What is the name of the constitutional authority?

Mr. KUHL: The authorities for the statements I have made are indicated in the speeches I have given, and if the hon. member would take the trouble to refer to my address of February 10, he will find in each case the authority for the statements I gave.

Mr. THORSON: Is the hon. member refusing to answer my question?

Mr. V. J. POTTIER (Shelburne-Yarmouth-Clare): Mr. Speaker, I had no intention of taking part in this debate; but in view of the atmosphere that has been gathering momentum as the debate continues, of blaming the privy council for the chaotic condition in which we find constitutional matters in Canada to-day, I have thought it wise to make a few observations, because otherwise I am afraid the house might be taken as unanimously of the view that appeals to the privy council should be abolished.

I do not agree with the contention that the privy council is responsible for our constitutional difficulties to-day. I have gathered the impression, listening to the speakers this afternoon and this evening, that it was felt that the privy council should interpret the British North America Act in a somewhat different way from that in which they would interpret any other act or statute. I submit that the British North America Act is a statute and that the Judicial Committee of the Privy Council have interpreted that statute according to well recognized legal principles. In other words, they have been looking at the act itself, at the language used by the framers of the act, and have tried to discover the intention of its framers by the words they used. That is a well recognized legal principle, and when the words themselves are clear and plain there is no legal principle that I know of that would justify interpreting a constitution or act differently from any other statute. I submit that what the privy council has done is to give us what the framers of the British North America Act intended to give us by the words they used. Blaming the privy council to-day because we have constitutional difficulties in Canada is rather unfortunate. I think it unjustly reflects on the capacity that is being displayed by the privy council itself. We have heard that the pendulum has swung to and fro, restricting and extending the

meaning of sections 91 and 92 of the British North America Act, but in no case do I know of any reference to the constitutional interpretation asked for, except perhaps in the Edwards case. The "living tree" was referred to in that case, and yet there was a particular exception made of sections 91 and 92; the definition of powers has followed definite legal lines. The "living tree" was the other sections of the British North America Act.

Mr. BENNETT: It was a water-tight compartment the last time.

Mr. POTTIER: It is only fair to make these observations in justice to the privy council. I should like to give a quotation now to show the functions of a court as distinct from what some would hold to be the duty of the privy council in interpreting the British North America Act to meet present day social and economic developments. I quote from Doctor O. D. Skelton:

> Courts may modify, they cannot replace. They can revise earlier interpretations, as new arguments, new points of view are presented, they can shift the dividing line in marginal cases; but there are barriers they cannot pass, definite assignments of power they cannot reallocate.

I think that has been our difficulty. The British North America Act assigned definite powers to the provinces and to the dominion and all that the Judicial Committee of the Privy Council have attempted to do is to define those powers. It was not their function to legislate; it was their function to interpret, and I submit, Mr. Speaker, that they have done that, following well recognized legal principles. We are going too far when we put on the Judicial Committee of the Privy Council the burden of finding a solution for the difficulties we are in to-day. We need an amendment—not a new court.

I should observe too that there are provisions for members of the Supreme Court of Canada to sit in with the Judicial Committee of the Privy Council, and in one case in which the powers of the provinces were interpreted in a wide sense the present Chief Justice of Canada, Mr. Justice Duff, sat in with the Judicial Committee of the Privy Council and gave the decision of the court.

Mr. BENNETT: That was the reciprocal insurance case.

Mr. POTTIER: Exactly, and in that case the previous decision approved and followed the other cases. I submit that when we say that the Judicial Committee of the Privy Council has interpreted the British North America Act in a wrong way, we would have had on the whole the same principle towards definitions established if the act had been referred by the Supreme Court of Canada in final resort.

Mr. MARTIN: What was the date of the Edwards case?

Mr. POTTIER: It was in 1924.

Mr. MARTIN: Contrary to the whole tradition of privy council judgments up to that time.

Mr. POTTIER: But the privy council is not bound by previous decisions, and Chief Justice Duff sat in with the judicial committee and gave the decision in that case. Any previous decision could have been reversed by the privy council if it had thought fit to do so. My point is that if the Supreme Court of Canada had been interpreting the British North America Act, they would have done what the privy council did, that is, gathered the intention from the words used.

Mr. BENNETT: As a matter of fact, that decision has been narrowed since. The statement as contained in the decision of the chief justice as to our powers over criminal legislation has been regarded as too wide.

Mr. POTTIER: Exactly. I say that if the present Chief Justice of the Supreme Court of Canada had been interpreting the British North America Act we would have the same condition as we have to-day; changing court is not the remedy.

Some reference has been made this afternoon to opinions given by individuals about appeals. I have here the opinion of Sir Charles Fitzpatrick, an ex-Minister of Justice and afterwards Chief Justice of Canada. Addressing the American Bar Association in 1914, he gave his opinion as follows:

> In no part of the King's dominions has greater service been rendered by the judicial committee than in Canada, particularly since confederation.
>
> Since 1867, the judicial committee has been called upon in scores of cases to trace out the line of demarcation between federal and provincial jurisdiction, and it must be truthfully said that the result has been eminently satisfactory. Removed, as the majority of judges are, from all local strifes, desirous as they are to distribute the most impartial justice, it is not surprising that the right of appeal to the King in his privy council is one of the privileges most highly prized by the people of the dominion. I do not mean to say that there has not been exception taken to the freedom with which appeals may be carried to the privy council in ordinary civil matters, but whatever view may obtain in other parts of the empire, so far as Canada is concerned, I think I may safely say that,

amongst lawyers and judges competent to speak on the subject, there is but one opinion, that where constitutional questions are concerned an appeal to the judicial committee must always be retained.

I am offering that opinion to balance to some extent the opposite opinions which have been offered. I rather think the Judicial Committee of the Privy Council has rendered a real service to Canada. Their decisions have been one judgment, no dissenting judgments.

I would hate to think that this parliament was attempting to have the courts interpret the laws not as expressed by statute but according to their own views of what is in the interest of the state. We have seen the disastrous results of that procedure in other countries. It has done more harm and injury to the judiciary and the administration of justice than anything else I can think of. I am not criticizing the fact that this matter has been brought up in parliament, but I think we should keep in mind that this parliament has certain duties to perform and that the courts also have certain duties to perform. We should not try to have the one conflict with the other.

Mr. CAHAN: Should the court give a decision in accordance with the intention of parliament?

Mr. POTTIER: According to the words expressed by parliament. If parliament has used the wrong words and has given the wrong intention, the court should not be asked to place on the words an intention which they do not express. I think that is a clear principle of law. That is the point I was trying to make in defending appeals to the Judicial Committee of the Privy Council.

We must realize that two developments have been taking place in Canada at the same time. One has been the growth of Canada as a whole, and the other has been the development of the provinces. These two developments have reached the point where we find them to-day more or less in conflict. This situation has developed since the British North America Act was passed, and it was not contemplated at the time that statute was enacted. Therefore, the statute does not cover the situation to-day as we might hope it would. Our constitution is out of date.

I should like also to make a few observations on whether this parliament has the power to abolish appeals to the privy council. This afternoon the Minister of Justice (Mr. Lapointe) indicated that we had that power, and he depended upon section 101 of the British North America Act. I submit that the British Coal Corporation case does not bear out that opinion.

Mr. MARTIN: It does not deal with it.

Mr. POTTIER: I think it does deal with the powers of the provinces to abolish appeals in civil matters. I shall quote from the case itself, as follows:

> Among the powers which go to constitute self-government there are necessarily included powers to constitute the law courts and regulate their procedure and to appoint their judges: save for the provisions of the act, these powers in regard to the then newly constituted dominion would have all belonged to the king as the fountain of justice: but by the act these powers are vested in the dominion legislature, and thus pro tanto the prerogative is merged in the statutory powers. A most essential part of the administration of justice consists of the system of appeals. It is not doubted that with the single exception of what is called the prerogative appeal, that is, the appeal by special leave given in the privy council in London, matters of appeal from Canadian courts are within the legislative control of Canada, that is of the dominion or the provinces as the case may be.

And further:

> The question whether the dominion or the provinces is in any given case the proper authority to act depends mainly upon the subject matter dealt with.

While that is not a definite decision, it is at least an indication that in certain subject-matters the provinces only can abolish the right to appeal. Section 92 deals with civil procedure.

Mr. MARTIN: In order that the record may be complete, I would refer my hon. friend to the third paragraph of the judgment at page 523. Perhaps he would care to read it himself? The point is not decided. The privy council refused to deal with the matter.

Mr. POTTIER: I quite agree with that. I said that it was not decided definitely.

Mr. MARTIN: They did not decide it at all.

Mr. POTTIER: I said that the words used were an indication that in connection with those subject matters in which the province had jurisdiction, the province was the proper authority to abolish the right to appeal. I gave that quotation for that purpose, and I shall repeat it again:

> The question whether the dominion or the provinces is in any given case the proper authority to act depends mainly upon the subject matter dealt with.

That must have meant something. I submit that there is room there for the belief that in connection with those subject matters

in which the provinces have jurisdiction, they are the proper authorities to take away the right of appeal.

Mr. BENNETT: It is a question whether they can or cannot, whether they have extra-territorial jurisdiction, because it arises under an imperial order in council.

Mr. POTTIER: I have a note on that and I was going to touch on it as another reason. The Statute of Westminster says that only the dominion legislature has extra-territorial jurisdiction. The hon. member for Essex East (Mr. Martin) has indicated a paragraph in the judgment in the British Coal Corporation case, which I shall place on the record:

> Their lordships have in this judgment been dealing only with the legal position in Canada in regard to this type of appeal in criminal matters. It is here neither necessary nor desirable to touch on the position as regards civil cases.

I quite agree with that. I stated before that in my opinion there was room for argument whether, in connection with those subject matters in which the provinces had jurisdiction, they were the proper authorities to deal with the matter of appeals, rather than the dominion.

There is another reason that causes me to doubt whether section 101 gives us sufficient authority to deal with the abolishing of all appeals to the privy council. The bill in question repeals them in so far as they are part of the law of Canada. This reason was referred to this afternoon by the right hon. Minister of Justice. After all, appeals are matters of procedure. Appeals are not involved in the constitution, maintenance or organization of a court. Section 101 deals only with the constitution, maintenance and organization of a supreme court. Appeals are a part of an action and not the constitution, maintenance, or organization of the court; and I submit that at least there is room for argument in the fact that section 101 has no reference to appeals to the privy council, which the provinces have through order in council.

Mr. FINN: Would my hon. friend read section 101?

Mr. POTTIER: I shall quote section 101:

> The parliament of Canada may, notwithstanding anything in this act, from time to time, provide for the constitution, maintenance, and organization of a general court of appeal for Canada, and for the establishment of any additional courts for the better administration of the laws of Canada.

There are a number of cases having reference to what the words "constitution" and "maintenance" of a court comprise, and I am suggesting that the above appeals of the provinces as a matter of procedure are not included in those terms.

Mr. CAHAN: The hon. member's contention is that section 101 does not give the supreme court control of procedure?

Mr. POTTIER: As to taking away the right of appeal to the privy council from provincial courts under order in council.

In conclusion, Mr. Speaker, I wish briefly to summarize as follows the arguments that I have attempted to put forward:

First, that the British North America Act has been interpreted as any other statute would be interpreted by the Judicial Committee of the Privy Council. What in effect we have been trying to do is to place upon the privy council the responsibility of legislating rather than interpreting.

Second, I have grave doubts whether section 101 referred to by the right hon. Minister of Justice gives power to this parliament to abolish all appeals to the privy council, particularly those which were passed to the provinces themselves by order in council and which the imperial parliament only has power to deal with.

Mr. CAHAN: May I ask just one question? Has the hon. member any doubt of the competence of the parliament of Canada to abolish appeals to the privy council in respect of any subject matter of legislation which is within the competence of the parliament of Canada?

Mr. POTTIER: Did I understand my hon. friend to say, any subject matter within their competence? No.

Mr. CAHAN: Then the hon. gentleman was combating, not the terms of the bill, but some observations made upon the bill.

Mr. POTTIER: I submit we are trying to abolish all appeals, which we cannot do, and the bill should not pass, at least in its present form.

Mr. J. H. BLACKMORE (Lethbridge): I rise wtih considerable diffidence to participate in this discussion because I have never laid any claim to being an authority on law, but I should like to say a word or two for the purpose of bringing before the house some considerations which, I believe, are of real import in the discussion of this question.

Everybody recognizes, I think, that we are grown up now as a nation. We have been saying we are and thinking we are, and from what I can gather, the British people are quite

glad to have us grown up and, so to speak, off their hands as far as their responsibility for us is concerned. I do not believe there is any doubt or disagreement about that among the people generally. But some serious matters are involved in this question.

I have noticed that many people in this house and in the country seem to think that if only we had things a little different from what they are, Oh, how we could solve our problems! It reminds me of a story my father used to tell me about the fellow who always wanted to live in a country just on the other side of the fence. It is a common thing for people to think that if we were thus and not so, it would be well with us. Particularly, just now, we have a constitutional scapegoat in this country. Everything this parliament wants to do it cannot do because the "constitution" will not let it; and as for the naughty provinces, they simply will not cooperate, so that we cannot solve our unemployment problem; we cannot solve our relief problem and we cannot solve this and that and the other thing; and the provinces are inclined to complain on much the same score.

Perhaps, Mr. Speaker, I am not sufficiently informed, but I believe that all this kind of talk is simply window-dressing. I honestly believe that if we would go to work with an attitude of honesty and straightforwardness and with a sincere desire to solve our problems, and had the solution, we should not have very much difficulty getting the provinces to cooperate with us towards that solution. So far I have not found any provincial officer who is not ready to do pretty nearly anything, except sacrifice some of the rights which his province possesses, in order to help us solve the problems which are confronting all of us.

Just now the thought is that if only we could centralize powers in this country; if only we could transfer to the dominion the powers which the provinces possess, all these difficulties could be solved. May I examine for a few minutes what has been done by dominion governments for the last twenty-five years with the absolute powers they do possess? I shall mention three or four of them because I believe it will help people to understand why we have these stresses and strains. I may tell the right hon. Prime Minister (Mr. Mackenzie King) very frankly that he annoyed me considerably when he blamed for those stresses and strains something which I did not believe should be blamed for them. I may be wrong, but in fairness to him I am telling him what I think.

In the first place, there are causes of stresses and strains of which the public generally have not even dreamed. Here is one. Unquestionably this parliament has absolute power over the tariff structure of the railroads. Surely there is nothing to prevent parliament from exercising that power. I have not heard that any province is questioning it. Let me indicate to the house some of the things which have happened to the disadvantage of my own province. Provinces are being strangled or smothered to death because of inequalities from which they have no power to relieve themselves and from which they cannot get any other authority to relieve them.

Referring briefly to the railroad structure, I find, according to information elicited by the commission which recently received evidence, such an absurd situation as this, in regard to barbed wire, which is vital to the farming industry in the prairie provinces. The rate per 100 pounds on that commodity from Montreal to Vancouver is seventy-five cents, while to Edmonton, a distance more than five hundred miles shorter, the rate is more than double, namely $1.98. I do not propose to go into this matter to any extent to-night. If I did I should be out of order. Just the same, there is here a problem which illustrates the sort of thing that this government has done with the power it absolutely possesses. Now, if that condition has been allowed to grow up; if it has gone on throughout the prairie provinces, as I shall show at a future time, it is bleeding those provinces to death economically. It has been completely in the power of this parliament; there has been no constitutional difficulty in the way of straightening the matter out, and yet this condition has been allowed to continue.

I shall mention one more and then leave this particular subject. I mention binder twine, which is all important.

Mr. MACKENZIE KING: I do not want my hon. friend to be more annoyed with me than necessary, but I would ask him what that has to do with appeals to the privy council.

Mr. BLACKMORE: Simply this: A province like Alberta, or Saskatchewan, or Manitoba, must have some court to which it can bring its case, some court which will hear it. Those provinces have been sending members to parliament for years and years, capable, honest members who have presented our case before the high court of parliament year after year; yet these monstrous inequalities and injustices have been growing up. We have come and complained about them, for they have been sapping the very lifeblood from us; yet we have had no redress whatever. Do you wish to know, Mr. Speaker, the reasons for the stresses and strains? Let me

ask any hon. member of this house: What can a province do when it realizes that it is placed in a position which is rendering its economic development and well-being an absolute impossibility? It has not the constitutional competence to deal with the problem. The government which has that competence will not listen. What is the province to do? If it has no appeal to the privy council or any other means by which it can take its case to the foot of the throne, will someone tell me what the province can do? I submit that as a result of this situation there are three of the majestic provinces of this dominion which are under the gravest handicaps. Now then, absolute power is in the hands of this parliament with respect to matters of this sort, the freight rate structure for example. I shall not go into more detail; I shall deal with it later on, because it is an abuse crying to high heaven for restitution and redress. It has existed in the west to such an extent that it has prevented us from developing our industry. We have known we were being hurt; but we have not known how until now, when we are just beginning to examine into the situation and are finding out. There has been someone in this dominion whose business it was to know whether we were being hurt, and that person has not attended to his business; now we have found this out, what recourse have we? I am not complaining unduly, but I am putting the matter honestly and in a straightforward way before the members of this house.

Mr. BENNETT: The hon. member knows that the whole freight rate structure was considered by the board of railway commissioners. The whole question was considered and representatives of the western provinces were heard. That court was set up by this parliament for the purpose of dealing with the very problems to which he refers.

Mr. BLACKMORE: The all important matter is—the results. The results have ruined us as far as many aspects of the possible development of our industrial life are concerned. I do not wish to get into any detailed discussion of the point; I am illustrating it in passing. The time will come when I shall rise in my place in the house and air this problem in considerable detail, and at that time we shall go into the matter of the railway board and find out if possible—

Mr. CAHAN: This is your proper court of appeal, not the Judicial Committee of the Privy Council.

Mr. BLACKMORE: In the last analysis, the representatives of the province of Alberta and the other three provinces stand before this court. They can make their plea, but it is the voting strength of the representatives of all the provinces in this parliament that decides. And who are the provinces in this dominion that can outvote all the other provinces put together? It comes down to that. I do not wish to raise any cause of difference or cause of bitterness. All I want to say is this: You simply must make it possible for a people to live.

Mr. BENNETT: But it was to remove the matter from the realm of contention that the court was established and that it was provided that evidence might be heard and judgments given on that evidence. I should like to say to my hon. friend—because I was familiar with the matter in those days—that the western provinces had representation before the board, and so had boards of trade. The evidence is there in the library and may be read, and the judgments are predicated upon that evidence. This parliament could not create a railway commission and then declare that it should not decide the question of rates. Is that the suggestion?

Mr. BLACKMORE: I am not prepared to go into details. The details as they have been discovered and revealed by several of the investigating bodies that are making submissions to the Rowell commission disclose conditions which are positively horrifying, and when the whole truth is known to members of the house they will stand appalled. That is one little point which I cite to show what the dominion has done with a situation over which it had unchallengeable and absolute control. Here is another point—the tariff structure of the dominion. There is no doubt in the world that this parliament has complete control over that; no province challenges its right at all. All that the provinces can do is to stand and take it. This matter has been brought to the attention of the house several times. I shall again bring it chiefly to the notice of hon. gentlemen as an example of what this parliament has done in a matter over which it has absolute control, the idea being to show what parliament might do, what a court might do in Canada if we had absolutely centralized control.

Mr. CAHAN: Is this discussion relevant to the second reading of the bill?

Mr. THORSON: Surely it is relevant if it is directed to the relative merits of centralization and decentralization of authority.

Mr. SPEAKER: I must ask the hon. member to confine his remarks more closely to the question before the house, which is the second reading of the bill.

Mr. BLACKMORE: I was giving certain details in answer to questions asked me, otherwise I should not have been speaking along that line for more than a minute. The idea is being put forward that we would be better off if we could centralize control in this dominion, and one reason given why the privy council has generally put us into the "morass" is that it has decentralized power, which, we are told, is one of the reasons why we should abolish appeals to the privy council. If my argument is not pertinent to that question, then I am afraid I am unable to reason straight. It is strictly pertinent to the argument brought forward by the hon. member for St. Lawrence-St. George (Mr. Cahan) and by many others. They have repeatedly stressed the fact that the privy council, by interpreting certain sections of the British North America Act and giving greater and greater power to the provinces, have thereby put us into a position in which it is impossible for this parliament to carry on. Therefore the privy council have completely confused the issue here; therefore we should abolish the appeal to the privy council. Is not that one of the arguments which have been advanced? And in dealing with that we have to show that the mere fact that absolute control will return to Canada is not necessarily an evidence that all things will be managed aright. I hasten along, not desiring to digress, because there are several other observations I have to make on this question, the pertinence of which I think no one can challenge.

Take the matter of tariff; the tariff structure of this dominion has been so arranged that the province of Manitoba is paying $9,274,000 a year more than it is getting; Saskatchewan is paying $25,000,000 more; Alberta is paying $19,000,000 more, while Ontario is receiving $51,000,000 more than it is giving and Quebec $31,000,000 more than it is giving. And all that has been done under the jurisdiction of a body which had absolute control over everything pertaining to tariff in Canada and which should have sat as an umpire seeing that every province got a fair deal.

Mr. BENNETT: What is the authority for that statement?

Mr. BLACKMORE: The present Minister of Labour (Mr. Rogers). This hon. gentleman is an authority, especially when his brief is in the records of a royal commission of this dominion.

Mr. WOODSWORTH: That was before he became a cabinet minister.

Mr. BLACKMORE: Yes. I look on the hon. minister as an exceedingly fine man, one whose judgment is worthy of acceptance on any practical question, a man for whom I have the highest regard. His finding is worthy of the respect of everyone in Canada.

Probably I had better not deal with any other point than relief and unemployment. No doubt what we have been saying here during the last few days shows what Ottawa will do in matters over which we have absolute control in this country. Of course hon. members will say, "Oh, we have not control over the provinces." But I have never yet seen any province refuse to take money, if offered without too many strings. We hear reports of certain provinces not accepting money, but usually there was a string tied to such money.

I do not wish to delay the house any longer. I shall say a good deal more by and by on these subjects, because it must be said. We are seeking the reason for the strains and stresses now so apparent. Does any hon. member want to know the reason for the United Farmers of Alberta movement in Alberta? They were fighting for the right to live. Do hon. members want to know why there is a social credit movement in Alberta? They are fighting for the right to live. We talk about fascism and communism as though these things were a visitation of some supreme power over which we have no control, instead of a malady generated by conditions which we have allowed to develop. They are a result of certain causes, and we are not removing the causes. Right in this house lies the power to remove the cause. So I shall say a good deal more about these matters as we go along.

With respect to the bill, I think hon. members have gathered pretty well from what I have said that I agree in the main with the hon. member who spoke last (Mr. Pottier). I am not going to say just how accurate the decision rendered by the privy council was in each case, but to a most astonishing degree those decisions have agreed with the judgment of the supreme court of this country. That was shown clearly by figures cited this afternoon by the Minister of Justice (Mr. Lapointe). What more would one ask? I do not wish to be mean in any way, but a man cannot help having a suspicion. I noticed that the hon. member for St. Lawrence-St. George became agitated about this whole question of appeals to the privy council right after the decision regarding those three acts—

Mr. CAHAN: The hon. member does not know the personal history of the member for

St. Lawrence-St. George. I do not know how old the hon. gentleman is, but probably I was discussing that question before the time when he was born.

Mr. BLACKMORE: I should not be at all surprised. I speak with all deference. I said I did not want to be mean, but just the same it is a striking coincidence. While I am not saying that it will not be in the interests of this country to abolish appeals to the privy council some day, yet there are grave considerations which ought to be reviewed before we make the decision to do so. In the first place, we should give public opinion, not only within Canada, but in Great Britain and in the rest of the world, time to adjust itself and solidify. I think every hon. member will realize the significance of what I say. Throughout a wide section of humanity importance will be attached to any such move. I am not sure that it is in the public interest that the move should be made now. Later on it may be. There exists to-day throughout Canada great confusion touching constitutional matters—one more reason why we should defer action on this question. I am, I think, just as appreciative of the work of the hon. member for St. Lawrence-St. George as is the hon. member for Selkirk (Mr. Thorson). I appreciate the good work he has done; I say here in his presence and before this house that I honour him as much as I honour any man in Canada. I reverence and respect him as a good man, one who is well informed and sincere. But at the same time we have to look at certain considerations. There exists in this country a wide diversity of opinion. While the hon. member for Jasper-Edson (Mr. Kuhl) was expressing views which are contrary to the ideas which we learned in our schools, and while I am not saying that I agree with him entirely, yet as sure as we are here these facts are leaking out and causing people to wonder. He said some most interesting things, which I was never taught when I was in school, and never taught to any class when I was teaching, but they are to be found in authorities which no one can question. I am finding out many things. There is a good deal of doubt in the minds of people because these things are just being discovered.

There is a great deal of dispute and controversy throughout this country as to the meaning and application of certain clauses of the British North America Act. Take one matter which has been exercising me tremendously. We say—and I stand open to correction if I am wrong—that the provinces have control over industry. I think that is in accordance with the British North America Act.

Now take as an example a canning factory. Suppose a man has $100,000 which he invests in a canning factory, and he takes all his capital to get the factory built and equipped ready to operate. Then he has to have a line of credit of $100,000 in order to operate his factory. To whom does he go for the line of credit? If he cannot get that line of credit he cannot run the factory. Has the province control of his getting that line of credit? If the province does not have control of his getting that credit, I ask any man or woman in this house whether the province has control of that industry.

Mr. CAHAN: Who says the province has control of industry?

Mr. BLACKMORE: I asked if it were not in the British North America Act; I think the province has control of industry, according to that act. Certainly the province has control of property and civil rights. I do not wish to get into the details of this question; I shall discuss those later on. This may be irrevelant, but it is a matter to be noticed, showing that the whole question of the British North America Act is not so simple as some people would suppose it to be. There is confusion in the minds of people, and really I am not sure that people generally throughout the country know what they do want. I have not found anyone who knows exactly what he wants. There are many people who will say that we want the British North America Act changed. Very well, I say; what change would you make? Immediately there is a surprised look on the person's face, and not very much assurance in the answer. If there is assurance in the answer I find there is very little value in it.

There is a growing conviction everywhere through Canada that the presently accepted allocation of powers between provinces and the dominion by the British North America Act does not sufficiently allow for the readjustments necessary to meet changing economic conditions. This is the reason for the stresses and strains. It is fundamental. Again, there is a vague doubt as to just what sort of constitution would be best for this country. I have heard some people say that if we could just scrap the British North America Act and get all the provinces together, we would be able to build up a new constitution. It is my humble opinion that if we scrapped the British North America Act and set about drawing up a new one, we would never get it finished, because we simply could not get the provinces to agree on the fundamental principles which would be involved in drafting

a new constitution. The more informed they become, the less they will be inclined to agree. Take the west as an example. If the west could once get out of the grip and clutches of a constitution that permits a central power to build up a tariff structure which is entirely to the disadvantage of the west, do you suppose that any informed leader from that part of the country would ever go back into such bondage? Before doing so, he would think a long time.

There is a wide divergence of opinion because of the varying interests of the different provinces. It was reported in the press, I do not know on what authority, that one fairly prominent man from one of the central provinces said, "We won't be governed to suit the west." Very well, but apparently the same gentleman feels that it is quite all right for the west to be governed to suit the east. The provinces have had time to examine the workings of the British North America Act and to learn about all these matters; and now, in this time of testing everything, when even the president of the United States is worrying about fascism, while democracy is on trial, hon. members may be pretty sure that it will be a good thing to be a little careful about how fast we go forward. I would not do anything to rock the boat beyond what was absolutely necessary; as far as I can see, it is not absolutely necessary at the present time to abolish appeals to the privy council. There is a deep-seated apprehension in many provinces, as the best informed are coming to see no hope ahead. The more thoroughly experienced the leaders of the provinces become, the more convinced they will grow of this. The application of the proposed measure is simply this: There are strong indications that if appeals to the privy council were abolished, one of the last resorts, so to speak, now open to the provinces would be removed, right at a time when the provinces need all the safeguards they can secure.

I shall not detain the house any longer, Mr. Speaker, but I should like to make this plea, with all due respect to the hon. member for St. Lawrence-St. George, that consideration of this matter be held in abeyance; that we think it over; that we defer our decision on it until some future time when, after we have counselled together, our opinions will have ripened.

Mr. PAUL MARTIN (Essex East): Mr. Speaker, in rising at this late hour to speak on the bill introduced by the hon. member for St. Lawrence-St. George (Mr. Cahan), I do so with a good deal of hesitation, because the time and, I suggest, the temper of the house will not permit me to deal with the bill in the way that, several days ago, I had hoped would be possible.

Mr. BENNETT: Move the adjournment of the debate.

Mr. MARTIN: I think I should use the time, if I may.

First, as a younger member of this house, and as a member of the younger generation in this country, I thank the hon. member for St. Lawrence-St. George for introducing this bill, and particularly for introducing it at this time. If proof were needed of the wisdom of introducing such a measure, it has been given in the speech of the hon. member who has just taken his seat. The contention of the hon. member for St. Lawrence-St. George, the hon. member for Selkirk (Mr. Thorson) and the Minister of Justice (Mr. Lapointe), as revealed in the discussion on this bill, show among other things that essentially due to the interpretation of the British North America Act by the judicial committee, our constitution and the constitutional development of this country has been given a turn not contemplated by the fathers of confederation. That, I think, is the important issue.

Mr. LANDERYOU: How do we know that?

Mr. MARTIN: That is a very fair question. All one can do is read the discussions which took place at the Charlottetown conference, which preceded the Quebec conference, and the discussions at the Quebec conference itself; the speeches of men such as Sir John A. Macdonald, Cartier and others; the pre-confederation debates; speeches in the legislatures and outside; discussions by students of the problem, all clearly indicating that the intention of the founders of this country was that we should have not a union of sovereign states but a union of provinces within what they erroneously called a confederation, really a federation a group of governments having power in respect of certain matters of self-government within the province. That was clearly the intention; anyone who goes into the history of the problem will come to that conclusion.

Mr. LANDERYOU: We may have doubts.

Mr. MARTIN: In proof of what I am saying the fathers of confederation had for examination the constitution of the United States. The framers of the constitution of the United States intended the very opposite to what was intended by the fathers of confederation. In the United States they intended to create a union of sovereign states.

In so far as emphasis was concerned the emphasis was to lie with the state authority. If one reads the life of Sir John A. Macdonald by Pope; if one reads the life of Cartier by his official biographer; particularly if one will read the observations of Sir John A. Macdonald in London prior to the passing of this imperial statute one will find the intention was to make out of the provinces affected a nation endowed with sufficient central authority. They intended to obviate the course that had been taken by the founders of the American constitution. And what has been the result? In the United States the result has been that the supreme court of that country has interpreted the law as did the judicial committee in our case in such a manner as gradually to withdraw from the states authority which has been transferred in the course of time by judicial process to the central authority.

Mr. BENNETT: The constitution, but theirs is not a statute. That is the whole difficulty.

Mr. MARTIN: That is a difficulty, and if I have time I shall discuss this apparent difficulty. As time went on, in the case of Canada, the judicial committee interpreted the constitution, as has been clearly demonstrated by the hon. member for St. Lawrence-St. George, absolutely contrary to the intentions of its framers, with the result that we find ourselves in a position where we can almost completely compare first the intentions of the founders of our country with those of the founders of the United States, and, second, see to what extent the intentions of the founders of this country have been supported by judicial decisions, and to what extent the founders of the American nation have been supported in their intentions by judicial decisions. But there is not much point in labouring this. Hon. members opposite in the corner to my right do not agree with what I am saying. I can only say this, that my own interpretation of the historical development of this country is, I am sure, the interpretation which will be supported by the vast majority of the Canadian people.

Mr. LANDERYOU: Can the hon. member explain the provincial attitude at the present time?

Mr. MARTIN: I wish I could explain it, but I cannot. I was saying that I do not think there is any question that the vast majority of the people of this country who have given the problem any thought will conclude that my statement to-night in support of what has been said by so many other hon. members to-day is a correct statement of the problem viewed historically. If I interpret public opinion at the present time correctly, apart from the historical provocations, it is this: Having in mind the nature of our great problems, unemployment and the like; having in mind that these are national problems, there should be no question about endowing the central authority with the power to deal with them.

Mr. WOODSWORTH: Hear, hear.

Mr. BLACKMORE: They will try anything once.

Mr. MARTIN: I would remind the hon. gentleman, without wanting to occasion any controversy, that the province from which he comes, in respect of one important matter, unemployment insurance, has not acted in a manner consistent with what he said when he was speaking, namely, that we should not be bothered with these constitutional difficulties, and that we should extend to some authority the power to deal with these matters.

Mr. BLACKMORE: Would my hon. friend permit a question for the purpose of clarification?

Mr. MARTIN: I have not much time.

Mr. BLACKMORE: My hon. friend's statement has gone into Hansard and I want to know what he means. He means that Alberta has been willing to cooperate, does he not?

Mr. MARTIN: Yes.

Mr. BLACKMORE: That is what I wanted to get. Alberta is not doing any objecting at all.

Mr. MARTIN: Having in mind the official attitude of the province from which the hon. member comes, and having in mind his criticism of some authority in this country, for not dealing with these matters, he is hardly put in a very good light on that question.

The argument is often adduced—I believe it was adduced by the Minister of Justice to-day and, I fancy, by the hon. member for St. Lawrence-St. George—that the fact that we are now in a position where we have to submit appeals to the judicial committee diminishes any mark of nationhood of which we might declare ourselves to be in possession.

Mr. BLACKMORE: I think the hon. member misunderstood with respect to that matter on which he was speaking with me a moment ago.

Mr. MARTIN: I am not referring to the hon. member at the moment. My submission is this, the mere fact that we do consent to have appeals heard by the judicial committee in no way, as matters now stand,

derogates from the character of our nationhood. If one interprets properly the imperial conference of 1930, and if one interprets the full implications of the Balfour declaration of 1926, we have the power; and in demanding that power, if the method employed to-day is not satisfactory or adequate, we shall have no difficulty in removing this one apparent though not actual fetter—nationhood.

I suggest that when one considers the various groupings of personnel in the judicial committee—the Lord Watson group, the Lord Haldane group, the Lord Sankey, now Viscount Sankey, group and if I may say so the Lord Atkin group—one will find that the various members of the judicial committee in their interpretations, or, as it has been called, in their experiment in judicial interpretation, have revealed the very great dangers that lie open to any body of men, no matter how highly endowed judicially they may be, in interpreting the constitution of a people which, in effect, is not merely a constitution but represents the spirit and legitimate aspirations of a people.

The right hon. leader of the opposition (Mr. Bennett), when he interrupted me a few moments ago, pointed out that there was a difference between the interpretation of a statute and the interpretation of a constitution. My submission is that the British North America Act, while it is a statute in form, should not be considered any differently from the constitution of any country. To give it the strict interpretation that has been given is, I submit, to have misunderstood the spirit and intentions of those who are the fathers of this nation. To have interpreted the British North America Act as a statute, as has been done, instead of as a constitution, with the implications of elasticity to meet changing periods and changing problems was, I think, a very great judicial error, unaccompanied by the benefits so frequently the result of sober, judicial law-making.

I just suggest as a matter of record to the hon. member for St. Lawrence-St. George that when this matter comes to be considered in final form, what will we say in respect of the doctrine of *stare decisis?* Assuming that the appeals to the Judicial Committee of the Privy Council from the Supreme Court of Canada and the appellate courts in the provinces in respect of both criminal and civil cases are to be effectively abolished, what then is to be the effect of the judgments which have been rendered during the course of time and which, as has been pointed out, have so permanently affected the machinery of government? I suggest, assuming that the hon. gentleman succeeds in the prosecution of this bill, that the final court of appeal in Canada will for all necessary purposes be a court of coordinate jurisdiction, and consequently will have the power of overriding any decisions of the judicial committee which it deems not in the interests of Canadian national development.

However, this will be a slow process. I submit that an effective method of disturbing those great mistakes in judgment which have been made and which have had a serious consequence upon our national development, is now available. It will be open to this parliament effectively to remove by legislation such judgments as that of Lord Atkin, for instance, in respect of the treaty making power.

I suggest to the hon. member for St. Lawrence-St. George that we shall not be dealing with the matter completely even though we pass this bill in its present form, that is with respect to matters which come within section 91 of the British North America Act. I am sure that the Supreme Court Act would have to go through substantial amendment and modification in order to be consistent with the legislation the hon. member has introduced.

Perhaps one other word should be said, and I say it as a lawyer who has never had an opportunity of arguing a case before the judicial committee, but who has sat on many occasions before the board and listened to the argument of eminent counsel. The suggestion that the legal profession would suffer by loss of contact in the event of appeals being successfully abolished does not hold much water. No one denies the unprecedented calibre of the judiciary in the United Kingdom and the high standing of the profession in the United Kingdom, but I submit that the necessary contacts with the agencies giving leadership in the common law can be obtained through other agencies forms of contact. As the hon. member for St. Lawrence-St. George knows, the number of the legal profession in this country who have had contact with the judicial committee is relatively small. When one weighs the possible advantages of the transmission of the benefits of that contact by those who are there to other members in the profession, I think he will admit that not much consideration need be given to this phase of the matter.

I suppose as a French Canadian I should not let this occasion pass without anticipating an argument that will undoubtedly be levelled against this bill. It is likely to be said by many that should this bill pass, there

will be lost rights held dear by many, rights that were obtained under the treaty of Paris and, by implication, under the statute of 1867. I think this legislation should be passed; I hope it will be passed this year; but I trust no one will suggest that I am thereby prejudicing the rights of the minorities as to race and religion. When one examines the decisions of the past, he must realize that in most instances they have not been as protective as we have so often been told they are. If those of us who belong to the so-called minority group, in respect of race or religion, feel that we cannot endow our final court with great judicial power, have it composed of men with great judicial learning, who have been taught and encouraged to respect the rights of minorities, then there is no use in our expecting to obtain privileges within the group itself. This matter may be allowed to rest with the judgment of our people. We can trust the judgment of the men who will come ultimately to sit on the bench of the Supreme Court of Canada in the form of a court of last resort. I am sure that the men who will make up that final court will be of such a stamp as to preclude the possibility of interference with these rights.

I can only hope that the bill introduced so ably by the hon. member for St. Lawrence-St. George will receive the support which I think it deserves. I am satisfied that at this time this legislation will do more than almost anything else to convince the members of this house, should that be necessary, the legislators throughout Canada and the people of the country generally that if we are to live up to the intentions of the fathers of this federation we must take this opportunity of using the judicial arm of government as an effective instrument in bringing about the solid unity of Canada.

Mr. R. E. FINN (Halifax): Mr. Speaker, I think this matter is of sufficient importance from every angle from which it may be considered by hon. gentlemen in this house, by legislators in the various provinces and by the people of Canada generally, that every part of the British North America Act should be considered, particularly section 101. I agree with the Minister of Justice (Mr. Lapointe) there is no doubt that under section 101 the parliament of Canada can create a court superior to the privy council. This section reads:

> The parliament of Canada may, notwithstanding anything in this act, from time to time, provide for the constitution, maintenance and organization of a general court of appeal for Canada, and for the establishment of any additional courts for the better administration of the laws of Canada.

[Mr. Martin.]

On motion of Mr. Finn the debate was adjourned.

At eleven o'clock the house adjourned, without question put, pursuant to standing order, until Monday, April 25.

Monday, April 25, 1938

The house met at three o'clock.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 99, to incorporate The Maritime Provinces General Insurance Company.—Mr. Isnor.

Bill No. 100, for the relief of Gerda Ellen Morrison.—Mr. MacLean (Prince).

Bill No. 101, for the relief of Hilda Elsa Naeke Schneider.—Mr. Heaps.

Bill No. 102, for the relief of Margaret Robinson Mathieson Megee.—Mr. Heaps.

Bill No. 103, for the relief of Rachel Tencer Silberberg.—Mr. Lawson.

Bill No. 104, for the relief of George Brunet.—Mr. Jacobs.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

MARCH, 1938, IMMIGRATION

Mr. WALSH:

1. How many immigrants were admitted to Canada during the month of March?
2. At what port or ports of entry were these immigrants admitted?
3. From what country or countries did they emigrate?
4. What was the number admitted at each port or ports of entry?
5. What was the number admitted from each country?

Mr. CRERAR:

1. Immigration to Canada during the month of March, 1938, 1,222.
2. See No. 4.
3. See No. 5.
4. Immigration to Canada, via port of entry for the month of March, 1938:

Halifax	577
North Sydney	20
St. John	12
Montreal	3
Quebec	19
Boston	1
New York	133
Vancouver	22
Victoria	2
Louisburg	8
Ocean port totals	797

Via border ports from the United States	425
Total immigration	1,222

5. Immigration to Canada, by racial origins for the month of March, 1938:

Arabian	1
Belgian	42
British—	
English	99
Irish	20
Scotch	41
Welsh	5
Bulgarian	4
Croatian	28
Czech	25
Dutch	26
East Indian	2
Finnish	4
French	9
German	40
Greek	11
Hebrew	24
Italian	41
Japanese	11
Jugo-Slav	14
Lettish	2
Lithuanian	2
Magyar	58
Negro	1
Polish	31
Roumanian	5
Russian	6
Ruthenian	158
Scandinavian—	
Danish	3
Norwegian	6
Swedish	7
Serbian	1
Slovak	69
Swiss	1
Ocean port totals	797
Via border ports from the United States	425
Total immigration	1,222

OLD AGE PENSIONS—BRITISH COLUMBIA

Mr. HANSON:

1. What is the total number of persons in the province of British Columbia receiving the old age pension: (a) male; (b) female?
2. What is the total amount paid annually in each case?
3. How many persons are receiving: (a) $20 per month; (b) $15 per month; (c) less than $15 per month?

Mr. DUNNING:

1. As at December 31, 1937—11,560. It is not possible from the records on file with the dominion government to give the number by sex.

2. On account of adjustments between provinces, it is not possible to ascertain accurately from the records of the dominion government the total amount paid during any particular period to residents of the province of British Columbia.

The dominion's contribution to the province of British Columbia during the calendar year 1937 amounted to $1,928,122.96, which constituted approximately 75 per cent of the total amount paid out in old age pensions by the province of British Columbia.

3. As at December 31, 1937: (a) 9,677; (b) 212; (c) 547.

ROYAL MILITARY COLLEGE—HAY AND OATS

Mr. LENNARD:

1. Has a contract been let for hay and oats to be used at the Royal Military College, Kingston?
2. Were tenders invited?
3. What are the names of those who tendered?
4. What was the amount of the tenders?
5. To whom was the contract awarded?
6. Was there any limit as to the persons or corporations who were given the privilege to tender?
7. If so, who recommended the names of those who were privileged to tender?

Mr. MACKENZIE (Vancouver):

1. Yes—for straw and oats.

2 to 6. The following were invited to tender: C. G. Clarke, Battersea, Ont.; Edward Courneyea, Tamworth, Ont.; Norman Greenlees, Joyceville, Ont.; M. Huffman & Sons, Moscow, Ont.; Geo. Joyce, Kingston, Ont.; Kingston Milling Co. Ltd., Kingston, Ont.; Nelson McAdoo, Kingston, Ont.; Tweed Milling Co., Kingston, Ont.; Estate of John B. Shibley, Harrowsmith, Ont.

The following tenders were received:

	Straw—at per ton of 2,000 lbs. price per ton	Oats, No. 2 white local at per 34 lbs.
Norman Greenlees	$9 00	72 cents
Kingston Milling Co. Ltd.	9 00	70 cents
Tweed Milling Co.	8 00	60 cents

Contract awarded to Tweed Milling Co.

7. Names were taken from a selected list.

CIVIL SERVICE COMMISSION

Mr. BLANCHETTE:

For which government positions does the civil service commission find the greatest difficulty in obtaining qualified candidates?

Mr. RINFRET: There is no dearth of candidates in the competitions held by the civil service commission. Occasionally, for some of the higher professional or technical positions, some difficulty is experienced in securing properly qualified candidates.

HULL, QUE. ARMOURY

Mr. MacNEIL:

1. Is it the intention of the government to erect an armoury at Hull, province of Quebec?
2. Is this authorized under any item in the estimates, and, if so, what item?
3. What is the estimated total cost of the construction of such armoury?
4. What is the estimated annual cost of maintenance of such armoury?
5. What military units will be given accommodation in such armoury, and what is the present actual strength of each unit?
6. What function will such armoury serve in plans for coastal defence?

Mr. RINFRET:

1. Yes.
2. (a) Yes.
   (b) Item 332 of special supplementary estimates of 1937-38.
3. $276.500.
4. $7,000 (caretaking, structural maintenance and grounds, fuel, light, etc.,).
5. Le Regiment de Hull. Strength as at 31st December, 1937; officers—26; other ranks —200.
6. It will provide the necessary accomodation for militia units which may be required for the defence of Canada and conceivably for service in the coastal area.

CENTRAL EXPERIMENTAL FARM

Mr. HYNDMAN:

1. What hourly rate or wage is paid to seasonal labourers working at the experimental farm at Ottawa who are paid by the Department of Agriculture?
2. What hourly rate or wage is paid to such class who are yearly employees?
3. How many hours per week are such labourers employed?
4. How many hours per week do teamsters and cattlemen employed at the experimental farm at Ottawa put in?
5. Are there any labourers, employed by the Department of Public Works, engaged at the said farm?
6. If so, what hourly rate or wage are they paid, and how many hours constitute a working day?
7. Are all labourers at the experimental farm, Ottawa, allowed sick leave and holidays with pay?

[Mr. Blanchette.]

Mr. RINFRET:

1. 28 to 34 cents per hour.
2. 30 to 43 cents per hour.
3. Summer—58 hours. Winter—53 hours.
4. Teamsters—64 hours in summer; 59 hours in winter. Cattlemen—68 hours the year around.
5. Yes.
6. (a) 45 cents per hour.
   (b) 8 hours per day—44 hours per week.
7. No (Agricultural employees)—No sick leave and two weeks' holidays with pay allowed (Public Works employees)

PUBLIC WORKS EMPLOYEES—HOURS OF LABOUR

Mr. HYNDMAN:

1. How many hours constitute a working week for engineers and firemen employed by the Department of Public Works during what is termed the heating season from November 1, to May 1?
2. What hourly rate or wage are paid to these employees?
3. What hourly rate or wage is paid to engineers and firemen employed at the Printing Bureau?
4. How many hours per week do such employees work?

Mr. RINFRET:

1. Forty-eight hours per week.
2. Seasonal engineers and firemen are not paid an hourly rate of pay but at a yearly salary rate as follows: Heating engineers: grade 1, $1,260-$1,380 per annum; grade 2, $1,440-$1,560; grade 3, $1,680-$1,920; firemen, $1,140-$1,260 per annum.
3. Electrician-engineer: Compensation, $1,620 to $1,800 a year with annual increases of $120 and $60 to permanent employees. Fireman: Compensation, $1,140 to $1,260 a year with annual increase of $60 to permanent employees.
4. Forty-four hours a week.

DOMINION HOUSING ACT LOANS

Mr. GRAYDON:

1. How many loans have been made under the provisions of the Dominion Housing Act in each year by provinces since it first came into operation?
2. How many of such loans in each year have been so made for construction purposes in the county of Peel?

Mr. DUNNING:

1.

Provinces	3 mos. to Dec. 31, 1935	1936	1937	3 mos. to Mar. 31, 1938	Total to Mar. 31, 1938
Prince Edward Island	..	6	4	..	10
Nova Scotia	..	94	186	34	314
New Brunswick	..	12	48	3	63
Quebec	38	193	304	32	567
Ontario	37	322	603	55	1,017
Manitoba	..	12	36	3	51
Saskatchewan	..	..	2	..	2
Alberta	..	..	..	..	..
British Columbia	..	10	243	125	378
	75	649	1,426	252	2,402

2. 1936, 1; 1937, 2.

LONG BRANCH, ONT., RIFLE RANGE

Mr. GRAYDON:

1. When was the Long Branch rifle range property, in the county of Peel, purchased by the dominion government?
2. What was its original cost?
3. What was its original area?
4. What sums per year have been expended upon it for improvements since its acquisition?
5. Have any parts of said property been sold or otherwise disposed of since it was originally acquired?
6. If so, on what dates, at what prices, and to whom were such parts of the said property sold or otherwise disposed of or conveyed?
7. What is the present area of said property?

Mr. MACKENZIE (Vancouver):

1. The Long Branch property was purchased as a rifle range and barracks site in the years 1910 to 1912; also, a small area under lease to this department was purchased from the city of Toronto in the year 1931.

2. $282,936.

3. 499·9 acres, including 45·9 acres of water lots.

4. Expenditures by fiscal years: 1912-13, $17,126; 1917-18, $195; 1918-19, $844; 1919-20, $7,301; 1920-21, $4,846; 1921-22, $2,021; 1922-23, $5,069; 1923-24, $1.350; 1924-25, $3,773.65; 1925-26, $4,880; 1926-27, $2,148; 1927-28, $2,-998; 1929-29, $2,756.25; 1929-30, $3,101; 1930-31, $10,271.40; 1931-32, $762.69; 1932-33, $940.58; 1933-34, $392.92; 1934-35, $1,460,50; 1935-36, $764.84; 1936-37, $4,286.53; 1937-38, $328.49.

5. Yes—sold.

6. In the year 1926, the western part of the area was subdivided into 100 building lots. A contract was entered into with the firm of Hubbs & Hubbs, whereby they disposed of 20 lots to private individuals, for which $17,548 was paid the Crown. The remaining lots reverted to this department. Of these, the undermentioned have been disposed of, but payments in some cases will not be completed until the year 1947:

Date	Price	To whom sold
1937	$ 325 00	F. & C. Hobley
1937	162 50	A. W. Boshier
1937	425 00	E. Moore.
1937	387 00	H. Lavine
1937	2,075 00	R. D. Hogg

7. 488 acres, approximately, including 45·9 acres of water lots.

BARRIEFIELD CAMP—DESTRUCTION OF BUILDING BY FIRE

Mr. LENNARD:

1. Was the storehouse of Camp 37, at Barriefield, near Kingston, destroyed by fire?
2. If so, when?
3. What was the property loss, if any?
4. Were any records stored in the said building?
5. If so, were such records destroyed, in whole or in part?
6. Was any investigation held as to the cause of the said fire?
7. If so, what was the result of such investigation?

Mr. MACKENZIE (Vancouver): There is no record of a fire having occurred at project No. 37, Barriefield, but a fire did occur at project No. 42, Barriefield, in October, 1937. A temporary frame building used as a kitchen was destroyed, and there was a property loss amounting to $500. No records were destroyed. A court of inquiry was held and stated that the cause of the fire was unknown.

T. J. PERDUE

Mr. HYNDMAN:

1. Was Mr. T. J. Perdue employed by the Mines and Resources department, or the Department of the Interior at any time between the years 1931 to 1938?
2. If so, in what capacity and for what period?
3. Is the said person at present in the employ of the department?
4. If not, what are the reasons for his not being presently employed?

Mr. CRERAR:

1. Yes.

2. As labourer (relieving), in the forest products laboratories at Ottawa, from the 4th of February, 1932, to the 31st March, 1933.

3. No.

4. Work that Mr. Perdue performed was taken over by the Department of Public Works on April 1, 1933.

HOME IMPROVEMENT LOANS

Mr. GRAYDON:

1. How many loans have been made in each year under the home improvement plan, in the county of Peel?

2. How much has been so loaned in each year in the said county?

Mr. DUNNING:

1 and 2. The following shows the number and amount of loans reported by approved lending institutions:

	Number	Amount
Nov. 1—Dec. 31, 1936..	6	$ 4,031 45
Jan. 1—Dec. 31, 1938..	135	59,002 21
Jan. 1—Mar. 31, 1938..	14	6,527 46
	155	$69,561 12

POSTAL EMPLOYEES—HOURS OF LABOUR

Mr. DESLAURIERS:

1. How many hours a day are postal employees required, by law, to work?

2. How many postal employees: (a) at Montreal; (b) at Toronto, during 1937, worked more than 8 hours a day?

3. How many hours and how many days did they work over the regulation 8 hours during the same period?

4. How many employees have disposed of this unpaid extra time and at what price?

Mr. EULER:

1. The regulation time is 44 hours per week made up, as far as practicable, of five days of eight hours and one day of four hours.

2. Practically every employee except those in administrative sections work more than 8 hours a day at some time of the year, according to the exigencies and fluctuations of the postal service.

3. At the 1st January, 1938, the following number of hours were due employees for extra time worked:—

[Mr. Hyndman.]

	Montreal Hours	Toronto Hours
(a) Extra time worked during Christmas period.. ..	40,381	48,972
(b) Work performed on Statutory holidays..	41,826	38,184
(c) Extra time worked on ordinary days including Sundays..	4,529	24,850
	86,736	112,006

4. In so far as the department is aware, no employees have sold time due them. Such a practice is absolutely forbidden.

MONTREAL POST OFFICE—AUTOMOBILE ACCIDENTS

Mr. DESLAURIERS:

1. Were the automobiles supplied to the Montreal post office in any accident or accidents during the period from 1928 to 1933, both years inclusive?

2. If so: (a) how many; (b) at what places; (c) at what hours?

3. Who were the actual drivers of these automobiles when the accidents occurred?

4. Were they actually on duty at the time?

5. What has been the cost to the government of the repair work occasioned by these accidents?

6. What were the names of the occupants of these automobiles when these accidents took place?

Mr. EULER:

1. Yes.

2. (a) 8.

(b) and (c) 1. St. Hubert St., Montreal—12.30 noon.

2. General P. O., Montreal—No record of hour.

3. Garage, Dowd St., Montreal—No record of hour.

4. Between St. Andrews East and St. Placide—No record of hour.

5. St. James and St. Frs. Xavier, Montreal—No record of hour.

6. Sherbrooke St., W., Montreal 11 a.m.

7. Head Office, St. James St., Montreal—No record of hour.

8. Montreal City—During the evening.

3. Nos. 1, 2, 3, 5 and 7—Chauffeur E. Quentin; Nos. 4, 6 and 8—Chauffeur L. J. A. Monette.

4. Yes.

5. $59.45.

6. (1) Mr. Gaudet.
(2) No one (car parked).
(3) In postal garage.
(4) Mr. Gaboury.

(5) Chauffeur alone in car—on way to garage.

(6) No one (car parked).

(7) Mr. Taylor.

(8) Chauffeur Monette.

BERTHIER, QUE. POSTMASTERSHIP

Mr. EDWARDS:

1. Who is the present postmaster at Berthier, electoral district of Bellechasse?
2. When was he appointed?
3. Who recommended him?
4. What is his annual remuneration?

Mr. EULER:

1. Alphonse Mercier.
2. October 5, 1936.
3. J. Oscar L. Boulanger, M.P.
4. Fiscal year 1937-38, $557.61.

MONTREAL POST OFFICE—SARTO PICHE

Mr. DESLAURIERS:

1. Is Mr. Sarto Piché still on the staff of the Montreal post office?
2. If so, what is his classification under the civil service commission?
3. How many times was he absent from duty during the year 1937?
4. Has he any employment other than with the post office?

Mr. EULER:

1. Yes.
2. Postal Clerk.
3. No absences except annual leave during the calendar year 1937
4. As the department had no information, enquiry was made and, in a sworn declaration, Mr. Sarto Piché reports as follows: "Je désire vous informer que je suis l'administrateur d'un commerce de pharmacie qui, dans l'année écoulée, m'a donné un revenu de $275".

WESLEY HENDERSON

Mr. CLARKE (Rosedale):

1. On what date in 1937 did Mr. Wesley Henderson's contract for hauling grain supplies at the head of the lakes expire?
2. Was this contract let in 1934 by tender?
3. Were tenders asked for in 1937 at the expiration of the contract?
4. Who holds the present contract, and what is the price of same?
5. What was the price received by Mr. Henderson for the former contract?

Mr. EULER:

1. November 30.
2. Yes.
3. Yes.
4. Donald Anderson, 250 Ambrose St., Port Arthur, Ontario; $2,880 per annum.
5. $2,880 per annum.

OLEOMARGARINE IN ENGLAND

Mr. MacRAE:

Is the manufacture and sale of oleomargarine permitted in Great Britain?

Mr. CRERAR: The manufacture and sale of oleomargarine is permitted in Great Britain, subject to compliance with certain sections of the Food and Drugs (Adulteration) Act, 1928.

POST OFFICES—MONTREAL AND TORONTO

Mr. DESLAURIERS:

1. What was the weight of postal material handled by the employees of the post offices: (a) at Montreal; (b) at Toronto, during the years 1936 and 1937?
2. How many individuals were employed in the post offices: (a) at Montreal, and (b) at Toronto, during the years 1936 and 1937?

Mr. EULER:

1. No record is kept of the weight of mail handled in the postal service. The following figures will give a comparison between the offices mentioned:

Revenue	Montreal	Toronto
Fiscal year 1935-36	$4,681,860 54	$7,085,300 85
" 1936-37	4,918,172 39	7,626,322 58
" 1937-38	Official figures not complete.	
Volume of business		
Letters and circulars		
1936	165,037,412	221,404,867
1937	168,370,273	227,288,914
Registration		
1936	1,137,039	1,205,105
1937	1,215,754	1,235,636
Newspaper postage		
1936	$357,815 66	$708,454 74
1937	382,867 00	788,429 52

Revenue—*Concluded*	Montreal	Toronto
Staff as at March 31		
1936 Full time	1,552	1,661
Part time	66	80
1937 Full time	1,594	1,677
Part time	75	119
1938 Full time	1,683	1,829
Part time	83	127

QUESTION PASSED AS ORDER FOR RETURN

W. J. PENNINGTON

Mr. PERLEY:

1. Is one, W. J. Pennington, in the employ of the dominion government at the present time, or has he been employed at any time since December, 1935, in the province of Saskatchewan?
2. If so, how long was he employed, in what capacity, at what salary, and what expenses, if any, were paid to him?
3. Has he an office and where is same located?

Mr. RINFRET: Return tabled.

MOTIONS FOR PAPERS

HULL, QUE. ARMOURY

Mr. MacNEIL:

For a copy of all correspondence, petitions, requests, orders and other documents relating to the proposed construction of an armoury at Hull, province of Quebec.

TRANS-CANADA AIRLINES—TORONTO CONNECTION

Mr. CHURCH:

For a copy of all letters, telegrams, agreements, orders in council and other documents, exchanged during the past year between the government of Canada or any officer thereof and the mayor and corporation of the city of Toronto or any officer thereof and the Toronto harbour commission or any officer thereof, in relation to the proposed airport at Toronto harbour and at Malton, dealing in any way with the placing of Toronto on a branch and not on the main line of trans-Canada airlines.

CANADIAN BROADCASTING CORPORATION—INCREASE OF LICENCE FEE

Mr. JOHNSTON (Bow River):

For a copy of all letters, telegrams ad other documents exchanged during the last year between the Minister of Transport and the board of governors of the Canadian Broadcasting Corporation relating to the increase in radio licence fees.

MATAPEDIA-MATANE, QUE., TELEPHONE LINES

Mr. LAPOINTE (Matapedia-Matane):

For a copy of all letters, telgrams, resolutions and other documents in the possession of the government dated from January 1, 1934, to date, relating to the construction of telephone lines in the county of Matapedia-Matane in 1935.

KENORA, ONT., DRILL HALL

Mr. CLARKE (Rosedale):

For a copy of all letters, telegrams, specifications and other documents in the possession of the government, with respect to the construction of the drill hall at Kenora, Ontario.

TRAIT CARRE, QUE., POST OFFICE

Mr. WERMENLINGER:

For a copy of all correspondence, requests and documents relating to the discontinuation of the post office at Trait Carré, Gaspé county, province of Quebec.

ARMY AND NAVY AND IRISH SWEEPSTAKES

Mr. DESLAURIERS:

For a copy of all letters, telegrams, reports and other documents exchanged between the government or any officer thereof and any other persons with respect to Army and Navy and Irish sweepstakes during the years from 1933 to 1937 inclusive.

Mr. MACKENZIE KING: As this motion is worded it is rather comprehensive. There may be some particular communications which would be desired by the mover, and they may be brought down if they can be discovered, but there is a good deal asked for which could never be traced. Subject to that reservation there is no objection to the motion.

Mr. BENNETT: Doubtless there are thousands of letters which are of no value at all.

UNITED STATES GOODS IN TRANSIT

INQUIRY AS TO REVISION OF CUSTOMS REGULATIONS PERMITTING TRANSPORT OF GOODS IN BOND THROUGH CANADA BY MOTOR TRUCK

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I should like to direct a question to the Minister of National Revenue (Mr. Ilsley). I am in receipt of resolutions passed by the municipal council of the town of Brampton, and the railway employees at that point, opposing any revision of the customs regulations which would permit the transport of United States

goods in bond through Canada by motor truck. Would the minister care to give assurances to the house at this time that no such change is in contemplation?

Hon. J. L. ILSLEY (Minister of National Revenue): Any change in the practice would have to be effected by amendment to the Customs Act, not merely by change in the regulations. No change in that regard is contemplated. However a large number of representations have been made to the Department of National Revenue on both sides of the question. If there is any change in the policy of the government in this regard that change will be announced in due course, if and when it is decided upon. In the meantime all I can say is that this question has received and is receiving some consideration.

Mr. BENNETT: But it can be effected only by legislation?

Mr. ILSLEY: Yes.

NATIONAL REVENUE

EXEMPTION OF $100 ON ARTICLES ACQUIRED BY CANADIANS VISITING UNITED STATES—FORTY-EIGHT HOUR PROVISION

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I advised the Minister of National Revenue (Mr. Ilsley) that I desired to ask him whether he had any explanation to make concerning a report in the press indicating that importations of Canadian merchandise into the United States by tourists from that country to the value of $100 would be allowed to enter free only if such tourists had remained at least forty-eight hours in Canada; but that such regulation was subject to the proviso that if Canada waived the forty-eight hour provision with respect to her citizens visiting the United States and subsequently returning, a reciprocal arrangement would be made. It is a matter of such importance that I thought the minister might desire to make an explanation.

Hon. J. L. ILSLEY (Minister of National Revenue): Mr. Speaker, a bill has passed the senate of the United States but has not reached any more advanced stage than that. Perhaps in view of the importance of the question I might read the part of the bill applicable to the matter in question:

That up to but not exceeding $100 in value of articles (including distilled spirits, wines and malt liquors aggregating not more than one wine gallon and including not more than one hundred cigars) acquired abroad by such residents of the United States as an incident of the foreign journey for personal or household use or as souvenirs or curios, but not bought on commission or intended for sale, shall be free of duty: Provided further, that the secretary of the treasury may by special regulations or instruction, the application of which may be restricted to one or more individual ports of entry, provide that the exemption authorized by the preceding proviso shall be applied only to articles acquired abroad by a returning resident who has remained beyond the territorial limits of the United States for such period, not to exceed forty-eight hours, as the secretary may deem necessary at the specified port or ports to facilitate enforcement of the requirement that the exemption shall apply only to articles acquired as an incident of the foreign journey: Provided further, that the exemption authorized by the second preceding proviso shall apply only to articles declared in accordance with regulations to be prescribed by the secretary of the treasury by a returning resident who has not taken advantage of the said exemption within the thirty-day period immediately preceding his return to the United States: Provided further, that no such special regulation or instruction shall take effect until the lapse of ninety days after the date of such special regulation or instruction: And provided further, that section 37 of this act shall not take effect until ninety days after the effective date of this act: And provided further, that all articles exempted by this paragraph from the payment of duty shall also be exempt from the payment of any internal revenue taxes.

It will be noted that the section does not enact a forty-eight hour requirement, but it authorizes the secretary of the treasury to stipulate a forty-eight hour absence as a test of the bona fides of the declaration that the purchase was incidental to the visit abroad. This bill was passed by the senate—

Mr. BENNETT: On April 2.

Mr. ILSLEY: Yes, and it goes to a conference between the senate and house of representatives. The house of representatives has appointed conferees, but up to the time of this statement, April 13, the senate had not taken similar action. That appears to be the stage the legislation has reached up to the present, and I think that gives the right hon. gentleman the information he requires. Apparently there is no provision to the effect that if another country eliminates the forty-eight hour provision it will be eliminated by the United States. That is not a feature of the act.

Mr. BENNETT: That was said to have been an amendment added in the senate. It passed the house of representatives, I think in somewhat different form; then passed the senate and stood for a conference. That was my understanding of it, but no conference has been held and there is no such legislation at this moment.

Mr. ILSLEY: True.

Mr. BENNETT: I think it is only fair to say that for at least two or three years that I can recall, somewhat similar legislation has been before congress, and there is nothing further in this except that it has reached a stage where it may be the subject matter of a conference.

Mr. ILSLEY: Yes.

UNEMPLOYMENT RELIEF

MEASURE FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

The house resumed from Thursday, April 7, consideration in committee of the following proposed resolution—Mr. Rogers—Mr. Sanderson in the chair:

That it is expedient to bring in a measure to provide assistance towards the alleviation of unemployment and agricultural distress, and for such payments out of moneys appropriated by parliament as may be necessary for all or any of the purposes of the proposed legislation.

Resolution reported, read the second time and concurred in. Mr. Rogers thereupon moved for leave to introduce Bill No. 105, to assist in the alleviation of unemployment and agricultural distress.

Motion agreed to and bill read the first time.

SUPPLY

DEFENCE EXPENDITURES AND VICTORIA, B.C., BY-ELECTION—AMENDMENT OF MR. STIRLING TO MOTION OF MINISTER OF FINANCE

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee of supply.

Hon. GROTE STIRLING (Yale): Before the house resolves itself into committee of supply there are certain observations I want to make with regard to the attitude taken by the Minister of National Defence (Mr. Mackenzie) at the time of the Victoria by-election. Before proceeding I should like to express my regret, and the regret of those from British Columbia who are associated with me, at the untimely illness of Mr. Robert Mayhew, the member-elect. I did not meet Mr. Mayhew on that occasion, but I was much struck by the warmth of the appreciation which was expressed on all sides with regard to Mr. Mayhew, and we earnestly hope that he may make a speedy and complete recovery.

The attitude of the minister, to which I want to refer, is that he made an appeal, for partisan purposes, on the expenditure of money for the defence of this country, and particularly the expenditure on the Pacific coast, added to the expenditure which would be undertaken by the government through the carrying out of the program outlined. The inference clearly was that the elector would do well to think deeply before he decided to vote against the government. There have been five ministers of national defence during the time I have occupied a seat in this house. None of the other four, so far as my knowledge goes, have made use of expenditures for the purpose of defence as an appeal for votes, and I think it is a deplorable thing that on this occasion the minister should have set such a precedent. The minister most clearly appealed for votes by submitting the expenditures of this government. Defence above all other things should be kept entirely free from partisanship. I believe there is a growing desire on the part of a considerable section of the general public that partisanship should be kept separate from expenditures of money in various departments. I think that a very great majority of the people consider that when we are discussing the defences of Canada expenditures of money certainly should not then be used as a basis for appeal.

Moreover, from the contact I had the privilege of having with the three branches of the service during the year I was minister, nothing was more clearly borne in on me than the fact that members of the services, departmental officials, were also desirous that questions of partisanship should not intrude themselves into their public work.

On November 18 the minister spoke to a theatre full of people in Victoria. I arrived in Victoria on the afternoon of the following day, and found that both the daily papers of the city contained a report of the minister's speech. Indeed so many of the observations of the Minister of National Defence were in inverted commas that I believe it is entirely probable that a statement was submitted to the press on behalf of the minister—and I am not suggesting the minister would be inclined to doubt the veracity of what appeared in the press.

There was a broadcast of proceedings at the meeting, and I met a considerable number of people who had either heard the minister in person or listened to him over the radio. There is no doubt therefore that the statement appearing in the Victoria Colonist is substantially accurate. I read now from the issue of November 19:

"I have never sought to make the defence of Canada a political question and I do not intend to do so now," he declared. "But I must tell you that the first week I was in office, I obtained a report on the condition of the three branches of the service—the navy, the army and the air force.

I found Canada lacked adequate forces to guarantee the neutrality in a war in which she did not wish to become a belligerent. Barracks, dockyards and other shore facilities of the naval service were antiquated and inadequate. The Esquimalt naval magazine had been condemned in 1905 and nothing had been done about it," Mr. Mackenzie continued.

"There were no anti-aircraft guns in Canada. The stock of field gun ammunition was only adequate for less than ninety minutes' firing. The existing field artillery was unsuitable for mechanical traction and was outranged from three to six thousand yards. Coast defences were obsolescent and defective. Firing from guns was restricted to prolong their lives.

There was no proper mechanization, no gas masks, no proper facilities for the manufacture of arms. The reorganization of the militia was recommended in 1932 and nothing had been done."

Mr. Mackenzie further claimed that the twenty-three planes of the air force were all obsolescent. There was no supply of air bombs. No survey had been made for national defence, he stated.

He charged that the Conservative regime had wrecked the air force and had crippled the training of the militia, whose appropriation had been cut from 11 million dollars to 8·8 million dollars, a reduction of 25 per cent, while the air force had been cut from 7·4 million dollars to 1·7 million dollars, a decrease of 75 per cent.

"Whatever the justification," he said, "I ask you to remember the record of the Conservatives when they come to you preaching about national defence."

Thereafter Mr. Mackenzie pointed out that the expenditure on Pacific coast defences under the regime of Mr. Bennett in 1935-36 totalled $1,916,116, while the appropriation for 1937-38 under the Liberal administration amounts to $8,163,188.

"This is an expenditure for defence," he declared, "which has not been equalled from the time of confederation. It must be borne in mind that the coast defence program cannot be completed until 1940. I ask you to remember what we are endeavouring to do, and I am taking this opportunity of requesting the electors of Victoria to approve the policy of defence of this coast when they go to the polls, November 29."

There can be no doubt whatever, I believe, that that was a flagrant instance of an appeal for political purposes. It is so very different from the attitude adopted by the minister when his estimates were before the committee last year. On that occasion he fully realized that the official opposition indulged in no carping criticism. He knew the assistance given by the official opposition was an assistance to him at a time when he was not particularly comfortable, as he was expounding views which were not acceptable to a very considerable number of government supporters.

It will be noted also that at least some of the criticism he used was just as applicable to the administration prior to 1930 as it was to the subsequent one. But the great unfairness of the arguments he used is found in the fact that he made no reference to the tremendous change which has taken place throughout the world, a change-over from disarmament to rearmament. As a member of the League of Nations Canada was committed to disarmament. Her defence estimates were prepared year by year under an atmosphere of disarmament. She did not wish to increase her defence expenditures. Indeed, had she done so, it would not require a very vivid imagination to imagine the speeches which would have been made by the minister and his right hon. leader (Mr. Mackenzie King). On account of the depression it was not possible during the disarmament period for the then government even to set aside the quantity of money required adequately to keep up the services as they then existed, and it was unfortunately necessary to cut the training of men. But to this fact the minister made no reference whatever.

There is nothing out of the common in the minister's argument; it is the typical Liberal argument: "Use the facts which are convenient; make no reference to the facts which are not convenient, even though those facts are predominant." I am reminded of another Liberal appeal for votes which was contained in the speech with which the right hon. leader of the Liberal party opened the campaign in 1935. He told of one of his famous soliloquies. He was standing on Wellington street. On his right front there rose a magnificent building, one erected by his administration and adapted to the peaceful purposes of labour and agriculture. On his left front there was rising the gaunt skeleton of another great structure built by the then administration at a cost of a million and a quarter dollars. For what purpose was it to be used? It was to be used by the Royal Canadian Mounted Police. A great barracks was being erected in Calgary. Barracks for the use of the police and militia were going up from coast to coast, many of them being erected with money voted for relief. According to the Ottawa Citizen of the following day, the Prime Minister is reported as having said:

"There are drill halls and armouries all over the country built at heavy cost" he said. "Why?" "It is to build up a great military force because all dictatorships demand force and the last word in dictatorship is the cannon and what comes out of the cannon."

That was the view of the Prime Minister at the beginning of the 1935 campaign. Yet within eighteen months he and his Minister of National Defence were preparing estimates for submission to this house which were

$10,000,000 more than those submitted previously. The Minister of National Defence goes to Victoria and uses a diametrically opposite argument. The Prime Minister wished to paint us as war-like people.

Mr. BENNETT: Dictators.

Mr. STIRLING: As dictators. He claimed that we were making provision for cannons and for that which comes out of cannons, but when the increased estimates of 1937 were brought before this house it was found that they contained provision for cannons and that which comes out of cannons. On the one hand we have the leader of the Liberal party appealing for votes because we are making tremendous expenditures for military purposes. Then we have the Minister of National Defence, on the occasion of a by-election, trouncing us for not having made the necessary expenditures to keep up the defence of this country.

I should like to bring together the responsible facts of history which go to explain this tremendous change that has taken place. After the armistice the weary nations of the world met to lay down a platform of peace. They met to prepare a peace treaty and at the same time lay down the foundation of a noble structure for the preservation of peace. At the very first the idea of a league of nations suffered a heavy blow because of the withdrawal of a great nation which during the preparatory time had given its support but whose people were not ready to go any further.

The League of Nations came into being, and parallel with this fact, disarmament was imposed on Germany and her allies by our allies who themselves solemnly undertook to carry out voluntary disarmament. As time went on it became more and more difficult to bring a disarmament conference into being. There were wars and rumours of war. There was dissatisfaction because national boundaries had been drawn on the map with a pencil without sufficient notice being taken of racial distinctions and of the ideas which minorities have since shown that they believe in most strongly. Although the hope for a disarmament conference was dwindling, although such a conference was, shall we say, the first goal that the League of Nations attempted to reach, such a conference eventually did meet in February, 1932, when the delegates of sixty-one nations met in London to discuss disarmament. This conference was brought about because of the example set and the persuasion used by Great Britain. The conference had hardly met before it was realized that it was faced with the tremendous problem of endeavouring to make agree two principles which were incompatible. The first principle was that the disarmament which had been imposed on Germany was necessary before voluntary disarmament could be undertaken by the other nations. The second principle, which was acceptable to many of the other nations, was that they could not agree to a basis of disarmament which would jeopardize their own conception of national security.

But the disarmament conference went on talking. Within a year Japan had withdrawn and eight months later Germany withdrew. Germany had come reluctantly to the conference and had taken the view all the way through that the one and only basis which could be accepted by her as the basis for disarmament on the part of those nations which agreed voluntarily to disarm was the basis which had been imposed on her and to which she had rigorously to conform because she was governed in her every act by disciplinary measures and inspections carried out by allied committees. Germany withdrew, but the disarmament conference went on talking. Indeed, it has not yet been officially terminated.

In March, 1935, Germany took another step; she threw over the military clauses of the Versailles treaty. Eight months later she repudiated Locarno. In October, 1935, Italy entered Abyssinia. In July, 1936, there was civil war in Spain. By the intrusion of European nations into this conflict, Europe was brought hazardously near to the brink of war. I cite these instances because I want to draw attention to the important fact that must be considered in connection with the armament of this or any other country. We must realize that we have passed from disarmament to rearmament. In making his political appeal the minister omitted any reference to that all-absorbing fact.

Mr. MACKENZIE (Vancouver): No, that is not correct.

Mr. STIRLING: I have not found it in anything that I have read, but perhaps the minister will explain further.

In 1934 Great Britain could no longer keep her eyes closed to the fact that she had slipped to the position of a fifth rate power in the air. Germany was away to a flying start. Great Britain started feverishly to train pilots and mechanics, to build new factories and adapt old ones, to provide herself with the necessary materials and to make the tools and build the machinery necessary for the manufacture of engines and planes. She realized that she was away behind the race.

Strive as she will, we still read from week to week in the press and hear it announced in the British house that she still realizes that she has not yet caught up.

It is not possible to name definitely the month in which disarmament gave place to rearmament. However, we can draw attention to the fact that the estimates for the Department of National Defence prepared prior to those of 1936 were prepared in an atmosphere of disarmament, whereas the subsequent estimates were prepared in an atmosphere of rearmament. It does not seem to me reasonable that a minister should go to a by-election and should preach the cause of political support citing as his reason for so doing the expenditure of money on national defence. Ever since the signing of the peace treaty, Great Britain had done all that she could to persuade and to lead the powers towards disarmament. She had made people in Great Britain, and indeed in the empire, extremely anxious as she reduced her navy in personnel and ships, as she reduced her little army, as she failed to replace her aeroplanes, and she did not even keep abreast of the tremendous scientific developments which were taking place with regard to the heavier-than-air machines. But she had pledged her word to disarm, and she was doing her best, whatever the spirit of the other nations might be, to carry out her undertaking.

Canada was in a similar position. She was a supporter of the League of Nations. The League of Nations had committed itself to disarmament. Great Britain had been preaching the word of disarmament and endeavouring to induce the nations to practise disarmament; she had hoped to lead the world to it. But she could not carry on further and see Germany overtake her in the air.

It is utterly improper in my opinion for a minister of the crown to use defence for the purposes of political appeal, and it is a reflection on public life for a minister to state a case with such unfairness as to omit reference to an overbearing and essential fact. Indeed, I do not think a public man will long enjoy the confidence of his public if he is known to be one who in stating an argument omits an essential fact On this occasion there can be no question that the minister made an appeal for votes by alluding to the expenditure of money for the defence of the Pacific coast, and not only the expenditure which was then going on, but the expenditure which would be carried on as the work proceeded which he had outlined. In my opinion this is such an unpleasant departure from the precedents of previous years that it is desirable to bring the matter before this house, and I therefore move, seconded by the hon. member for London (Mr. Betts):

That all the words after "that" in the said motion be struck out and the following substituted therefor:

In the opinion of this house, moneys appropriated by parliament for the defence of Canada should not be used, directly or indirectly, for political partisan purposes.

Mr. F. C. BETTS (London): Mr. Speaker, in seconding this motion I should like to associate myself to the fullest possible extent with the remarks made by the hon. member for Yale (Mr. Stirling) in connection with the by-election in Victoria, and I should like to draw the attention of the house to another occasion upon which the minister, or the department, or the government, or all of them, fell into the same deplorable state as they did in connection with the Victoria by-election, in that expenditures of public money in connection with a very important function of the government were made for partisan purposes. I refer to the method by which the Canadian contingent that was sent overseas to represent us at the coronation was selected.

As I have pointed out in this chamber before, Mr. Speaker, the coronation presented a golden opportunity for the Dominion of Canada to advertise its greatest product, its man power, at the greatest festival of empire that the world has ever seen. It was an occasion upon which the minister and the department and the government should have spared no pains to select from what I claim is the smartest body of men in uniform in the world to-day, the Canadian militia, a contingent that should be second to none. They should have been perfect in physique, perfect in drill, perfect in every respect in so far as what meets the eye may be concerned—because this was a parade, Mr Speaker. Our contingent, as did the other contingents, marched through the streets of London before a cloud of witnesses from all parts of the empire, and my complaint, and I am prepared to prove the facts on which it is based, is that in selecting the personnel of the Canadian contingent other considerations than those of merit entered into the mind of the minister.

First of all I should like to refer to the King's Regulations and Orders for the Canadian Militia, which, by virtue of the Militia Act, have the force of statute law. Paragraph 429 reads as follows:

An officer is forbidden to write private letters to officials at National Defence headquarters, on official personal matters.

Attempts to obtain favourable consideration of any application by the use of outside in-

fluence are forbidden, and, if resorted to, will be regarded as an admission on the part of the applicant that the case is not good on its merits, and it will be dealt with accordingly.

When an interview is asked for, or a letter written on behalf of an officer by any person other than himself, such application will be deemed to have been made at his suggestion, unless he can show to the satisfaction of the authorities that he has no knowledge, directly or indirectly, of such application.

Now I state as a fact, Mr. Speaker, that that paragraph was not adhered to in the selection of those who made up our Canadian contingent, and I submit, and I am prepared to prove it if given the opportunity, that political pressure was brought, and brought successfully, upon the department, with the result that the type of contingent that should have represented Canada did not go to London.

Just as one instance of what took place, let me say that I know of one entire corps which was represented by only one officer. That is manifestly unfair on any basis of representation. The one officer who was chosen announced some four months before the selections of the contingent were made, shortly after it became known that a contingent was to go to the old country, that he had great pull with the government, and that he was going to London. And go he did. I can think of nothing that will operate more effectively to destroy the spirit which has always permeated the Canadian militia, the spirit which built up for Canadian troops a name that will live as long as history is written; and I challenge the minister to show that political influence was not brought to bear constantly in the selection of the Canadian contingent. As a result of that, because the smartest, the best drilled, the most perfect physical specimens that could be selected were not selected, many very unfortunate incidents followed.

There is, Mr. Speaker, a quaint old military custom, familiar to you, I have no doubt, familiar to all members of the house, certainly familiar to the minister, that when soldiers are on parade they march in step. I hold in my hand a photograph of the contingent taken on this side of the water as they approached the boat at Montreal. Let me make it quite clear at this point that I am aiming no criticism whatever at the Royal Canadian Mounted Police, none whatever at the representatives of the Canadian navy, and none at the band of the Royal Canadian regiment. My remarks are confined strictly to the militia contingent, composd, I believe, of 256 persons, thirty-two of whom were colonels or lieutenant-colonels and five of whom were privates. If the minister will take the trouble to scrutinize this photograph—and remember, this was a public occasion—he will find, on looking at these persons representing the Canadian militia, that one soldier in the front rank is not in step with his leader, who is about ten feet distant.

That is of course bad drill, but it is bad business too. Going a little further, we come to the selection from a very large and important garrison centre, in which the local military authorities recommended an extremely smart officer who would have done great credit to them as their representative. But he was overlooked, for very obvious reasons, and in his place was sent one who could only be described as the ward heeler supreme of that part of the country. He has been the bearer of the Liberal banner in every election since time immemorial, and is now enjoying a well-earned rest in a cushy patronage job which he derived from the present Liberal government of the province. I have here his picture taken on shipboard—and let me say, I bear no malice towards him in making these remarks. I make these remarks because I am particularly keen as a former militia man that the Canadian militia should be properly represented on important occasions of this sort, and I feel it a duty to the militia of the country to bring to light the manner in which patronage overrode all other considerations in the selection of this contingent. I leave it to the minister to look at this photograph I have here, showing some of the officers of the contingent that crossed the ocean—I leave it to him to decide whether this officer of whom I speak, who was chosen over the head of the local authorities, is a smart soldierly figure.

An hon. MEMBER: Perhaps he was seasick!

Mr. BETTS: It is evidently a formal picture, because all the officers are wearing gloves and swords. The officer of whom I speak could not, by any standard, be described as either a good physical specimen or a good figure of an officer on parade. His head is resting on a splendidly developed double chin. He holds the rank of lieutenant-colonel, and large rolls of lieutenant-colonel are protruding over his Sam Browne belt.

That is not the type of officer that marched for the other dominions at his majesty's coronation. Words fail to describe the effect as I cast my eyes down his figure. His voluptuous calves are protruding from ill-fittings leggings, and his breeches—what shall I say of his breeches! They are tight where they should be loose and loose where they should be tight. They bring irresistibly to my mind that ditty immortalized by the troops

in France about "those funny little pants that Maggie wore; they were baggy at the knees"—I won't continue, Mr. Speaker.

Let me make it clear, without any levity whatever, that that is not the type of officer who should have been selected to represent the Canadian militia at his majesty's coronation. And let me add that my criticisms have been echoed in every mess room, drill hall and canteen from Halifax to Vancouver.

Then, when we get to London, we find, in the picture I now hold in my hand, the guard moving to Buckingham palace, surely an important occasion. There they are moving along in fours and apparently the command "Eyes left!" has just been given; a compliment is being paid to somebody on the left of the parade. But one of the non-commissioned officers—a high-ranking one, you may be sure of that, because practically everybody in that contingent was high-ranking—is not thinking at all of the reason for the command; he is thinking of the girl he left behind him, or the big stoup of beer he will have at the barracks when he gets back. He is gazing straight ahead; he has missed out on his drill. Let me add that he is not one of the markers, and so his head and eyes should have been turned to the left. That is the sort of thing that happens when the canker of patronage eats into any department.

Taking up this souvenir book, which I imagine has had circulation all over the empire, we find a photograph of the Canadian contingent moving through Piccadilly circus, and at the head we see the band of the Royal Canadian regiment, moving as one man; properly covered off; all in step, just as smart as paint; and we cast our eyes to the left and find the Royal Canadian Mounted Police, a credit to their corps, their commissioner, and their dominion. Then behind that, there is a serpentine effect of troops wobbling about, not covered off, a bulge in the centre of the column—bad drill, almost no drill at all.

This was not an occasion on which to sound the party tocsin and raise the party standard and summon old Colonel Dropsy and Major Spavin from the Liberal committee rooms and send them overseas on a joy ride. The minister was not administering Liberal campaign funds; he was spending public money. He overlooked that, but the country has not overlooked it. Why did not the minister in making his selections pick fine upstanding fellows like himself who would make the girls catch their breath and say: "Oh boy!" when the troops marched by? I protest on behalf of the Canadian militia and on behalf of the Canadian taxpayers that patronage was allowed to ruin this golden opportunity to advertise the Canadian militia in the heart of the empire.

Hon. IAN MACKENZIE (Minister of National Defence): Mr. Speaker, I was astounded upon hearing the address to which we have just listened, not only conceived but expressed and delivered in the worst taste I have ever seen displayed in the House of Commons of Canada. I desire in the first place to inform the hon. member that the Canadian coronation contingent was selected by a committee of the permanent force of Canada, and the recommendations came from the commanding officers of the units themselves. I have here the nominal roll of the men. A great number of them earned high decorations on the field of battle, and the remarks made by the hon. member for London (Mr. Betts) this afternoon are an insult to the reputation and military record of every single man of that contingent. Did hon. members notice the method of insinuation followed not only this afternoon but on a previous occasion? "Yes, the mounted police were splendid." So they were, but as the Canadian contingent, after receiving their decorations from the hand of His Majesty the King and Her Majesty the Queen, swung in column of four past Buckingham palace, I heard one of the highest military officers of Great Britain say, "That was the finest marching by any part of the empire contingent."

My hon. friend speaks of patronage. He knows as well as I do that in many cases men who were actually presidents of the Conservative organization were members of the coronation contingent, and as far as I am concerned that would certainly be no bar to their being selected. Several were so selected from within twenty miles of Ottawa, and in Winnipeg. But the hon. member now wishes to convey the impression that members of the contingent were selected because they were adherents of the Liberal party and supporters of Liberal policy. The opposition are saying that now for the first time, and they have now thrown this issue of defence into politics; it was done very definitely this afternoon. It was done in a gentlemanly way, as one would expect, by the hon. member for Yale (Mr. Stirling), and now it has been done in another way by the hon. member who followed him. Let me inform my hon. friend that if he had been in charge of the selection of the Canadian contingent we should have seen something diabolical in the extreme, not something done honourably and

in good form as was the selection made last year. But it so happens that the party to which the hon. member belongs was never in power in this country at the time of a coronation, and never will be.

I shall deal next with the remarks of the hon. member for Yale. He asserted not only that I introduced the issue of national defence into the Victoria by-election contest but that I definitely did so in order to influence the decision of the voters. I am very much surprised that a gentleman of his fine personal qualities, who himself took part in that by-election, and who knows, I think, the actual truth as to what happened, should have found it necessary to raise this issue here this afternoon. I spoke in the Victoria by-election on two occasions, on November 18 and November 26.

Mr. BENNETT: And at the military institute.

Mr. MACKENZIE (Vancouver): And at the military institute; I am glad my right hon. friend referred to that. The address delivered to the military institute was entirely non-political. Does my right hon. friend doubt that? Very well, we shall find out. The right hon. leader of the opposition said in the Victoria by-election campaign that men who were working on national defence contracts required a red ticket from the Liberal organization in Victoria before they were employed.

Some hon. MEMBERS: That is right.

Mr. MACKENZIE (Vancouver): I have here one of the red tickets. I show it to the house. It is a military pass from military headquarters at Esquimalt entitling them to enter the premises. It has nothing whatever to do with any political organization. I also hold in my hand a membership ticket in the Victoria Liberal organization of last year. Is that a red ticket? No, it is white. But that is the way politics were introduced into that by-election, not by the Minister of National Defence, but by hon. gentlemen who sit opposite me this afternoon.

I have here several letters of thanks concerning the way these men were employed—letters not from political organizations, but from the legion and other ex-service bodies.

The leader of the opposition referred a few moments ago to an address I delivered during that campaign to the United Services Institute. Also the hon. member for Yale, speaking in Vancouver, I think on the day of the by-election or shortly afterwards, made the statement that the Minister of National Defence had made a political speech to a military institute during the course of that by-election.

After it was announced that I was to speak in the Victoria by-election, and while I was crossing this continent en route to Victoria, a telegram was received by me from Major Crockett, secretary of the United Services Institute, as follows:

> United Services Institute of Vancouver Island extend a cordial invitation to you to address them at time convenient to you during your visit to Victoria. If able to accept kindly let me know as soon as possible date and subject.
>
> Major M. Kirkpatrick Crockett.

I demurred, as I thought such an address at that time might be misconstrued, as it has been this afternoon. I was assured by the officers of the institute that the meeting would be a private and confidential meeting, and so it was. I addressed that meeting, and there was not a single suggestion of political discussion during the whole course of my address. The other day I telegraphed to the officers of this institute, because I heard this question was coming up, and this is the reply I got. And let me say that the officers and members of that organization are not supporters of the party to which I belong. This is from a strong Conservative of Victoria who was present:

> Have discussed matter of your wire with Major Kirkpatrick Crockett, secretary of the United Services Institution, and he is wiring you separately. Personally feel most indignant, and that all others of the one hundred present at meeting would feel likewise if they knew your courtesy and confidence had been abused. Your remarks were confined to facts of a confidential nature, without any possible political taint, and your audience was presented to you as being composed of officers and gentlemen. Would be ashamed to believe that anyone there present could state otherwise. General Austin, president, and Sir Percy Lake, mover of vote of thanks, agree with me.

The telegram received from Major Crockett, honorary secretary of the United Services Institution, was as follows:

> Your address to United Services Institution of Vancouver Island was entirely military in character. Institution absolutely non-political and deals with service matters only. Your talk given at my invitation only after my assurance that meeting not open to press or non-members. Consensus of opinion is that you spoke as one officer to a group of brother officers and in confidence. President assured you that no publicity would be given meeting. Deeply resent any effort to misconstrue your kindness in addressing us.

Mr. BENNETT: Perhaps the minister would read the telegrams to which these are the replies.

Mr. MACKENZIE (Vancouver): I have not them here in my papers, but I should be very glad to do so. The telegram asked this officer—

Mr. BENNETT: What was the language of it?

Mr. MACKENZIE (Vancouver): I shall be glad to table the telegram. I think that is a complete repudiation of the suggestion that any political influence was brought to bear at that meeting.

May I say that at the first meeting, on November 18, I covered the record of this government; I covered the fourteen-point platform upon which this government appealed to the people in 1935. I took in the question of defence, but may I tell my hon. friend that the Conservative party was not even mentioned in that address. I may tell him further that at the meeting on November 26 I publicly corrected, from the platform in Victoria, the misquotation which appeared in the Victoria Daily Colonist dealing with the attitude of his party.

Mr. STIRLING: May I say that I was entirely unaware of that.

Mr. MACKENZIE (Vancouver): I am quite sure of that. There was a misreport made by the Colonist which was not brought to the attention of my hon. friend; and I commended the Conservative party on both the first and second occasions on the support they gave the national defence estimates a year ago. I know where my hon. friend was misled; I have an idea who misinformed him both with reference to that meeting and the address delivered to the military institute. His allegations this afternoon are founded on misinformation that came from those in the city of Victoria who have been advising him; I could produce abundant evidence of that. I did criticize my hon. friends of the Canadian Commonwealth Federation party. I quoted what they said in this house last year, when they moved a vote of want of confidence on the estimates for national defence. Was it not fair for the Minister of National Defence, coming from the province of British Columbia, fighting a by-election in his own province, to explain to the people of Victoria what we were endeavouring to do last year when my hon. friends of the C.C.F. party moved a resolution of no confidence, which would have defeated this government, on the very issue I introduced into that by-election?

I make no apology for introducing the issue of national defence, and the people of Victoria to-day do not regret that defence was discussed. Then why all these post mortems and aftermaths, when the people of Victoria have decided this issue for all time? All the falsities and misstatements which have been brought to my hon. friends opposite will not alter the decision and determination of the people of Victoria to see to it that the defences around that city are prosecuted with vigour, vision and firmness. We have had two addresses, one dealing with the by-election in Victoria and the other dealing with the Canadian coronation contingent. We have had one man insulting the uniforms of the Canadian army, with the other man relying on the tittle-tattle which has come to him possibly from citizens of Victoria in regard to declarations made by the Minister of National Defence. I have nothing to apologize for, nothing to retract and nothing to explain. At those meetings I commended the support of my hon. friends opposite and condemned the attitude of the Cooperative Commonwealth Federation, and in regard to this question of defence I would pursue the same policy to-morrow. The Australian election not long ago was fought entirely on this issue of defence, and recent by-elections in England and Scotland have been fought on the same issue. Sane defence should be one of the major policies of this country. Why should it be concealed from the people? Why this sinister assumption of secrecy at the present time in regard to general features of policy? Why? Because they lost a seat that had been theirs for thirty-one years; because the people of Victoria believed in the principles of this Liberal government. My hon. friends should take their defeat with patience and dignity. At this time they should not introduce a motion of no confidence in this government, in connection with a question already decided by the might and majesty of the public opinion of the good people of Victoria, British Columbia.

Right Hon. R. B. BENNETT (Leader of the Opposition): I had not intended to speak at any great length during this debate, but I think it must be abundantly clear to all that anyone who is a taxpayer in this country has some feeling of just resentment that his taxes thus paid can be utilized only to give employment to those who support the government. That is practically the proposition that was put forward in Victoria. I was rather surprised at the minister. He knew perfectly well that the red card to which he referred was the military card, but no one could get a red card who did not have the card of the Liberal association.

Mr. MACKENZIE (Vancouver): That is not correct.

Mr. BENNETT: That was correct at the time. What is more, the witnesses can be produced; all you have to do is issue a royal commission and you can get them.

Mr. MACKENZIE (Vancouver): No; they got them straight from the military organizations.

Mr. BENNETT: They got them only where they had to enter certain particular localities for the purpose of doing their work. The defences of Victoria were being proceeded with at the very time the by-election was being held, and those who were given employment were those who secured these tickets from the Liberal organization.

Mr. MACKENZIE (Vancouver): No, no.

Mr. BENNETT: And they got the red tickets that enabled them to have access to the areas in question. I cannot help who gave the contrary information to the minister; that was the fact, because men came and showed me—

Mr. MACKENZIE (Vancouver): But I have the direct information here from a list of ten ex-service men's organizations.

Mr. BENNETT: That may well be, but the minister had ex-service men's organizations being given employment during Christmas in Vancouver, but all the men were passed by his representative.

Mr. MACKENZIE (Vancouver): They did not.

Mr. BENNETT: Well, practically.

Mr. MACKENZIE (Vancouver): They did not.

Mr. BENNETT: I am bound to accept the hon. gentleman's word, but his representative was there and saw them, or the greater part of them; that was apparent also. I mention that because it is no good to say this is not being done. I am a moderate taxpayer in this country, and I do find it a little difficult to accommodate myself to the thought that my taxes go to supply work only for Liberals. That I find a little difficult to understand.

Mr. MACKENZIE (Vancouver): Mr. Speaker, that is absolutely incorrect.

Mr. BENNETT: I do not say the practice is limited to Victoria, because it is not; it extends to the other parts of the country as well, but this resolution puts it forward with respect to national defence and does not deal with other matters at all. It is a difficult thing to say that a man who pays large taxes can only thus provide employment for those who may be opposed to his political beliefs. It does not seem very just or right, with respect to matters of national defence at any rate.

Mr. MACKENZIE (Vancouver): It does not happen.

Mr. BENNETT: Well, it has happened. I am going to give the minister some information that will possibly enable him to go down to his department and find things which he has not heretofore found; or, shall I say, to discover some things which he does not want to discover. That is the better way to put it, to discover things that he does not want to discover. The real truth about it is this: There was a byelection in Victoria. The minister made the opening speech with the candidate. The former Minister of National Defence had not then arrived. Certainly I was not then in Victoria, but I read his speech, which has been quoted by the former minister and placed upon Hansard. In that speech the minister made a direct appeal to the citizenry of Victoria to support the government of the day because of what it had done for defence. At the same time he pointed out that the government's predecessors in office had not done what they should with respect to defence. The former minister has pointed out that the conditions to which we had committed ourselves had to deal with disarmament. Everyone knew what took place in that connection. We sent to Geneva a delegation headed by the late Sir George Perley.

Mr. MACKENZIE (Vancouver): I mentioned that also.

Mr. BENNETT: Yes, later.

Mr. MACKENZIE (Vancouver): No, in that address.

Mr. BENNETT: It is not so reported.

Mr. MACKENZIE (Vancouver): I do not mind that; I have the complete text of what I said.

Mr. BENNETT: Perhaps it was like the address delivered in Toronto, the one where the copies were not quite the same as the address delivered. I am quite familiar with that kind of address.

Mr. MACKENZIE (Vancouver): You should be.

Mr. BENNETT: I can say that with a good deal of satisfaction, for I never have a manuscript. You see, that is the difference. The manuscript handed out to the press and the speech delivered do not synchronize.

But certainly the truth is that this appeal was made. The minister to-day says what he had in mind was the attitude of the

Cooperative Commonwealth Federation supporters in this house, and a motion which they moved. I cannot say whether that was wholly in his mind or not, because I could not perform a surgical operation on his mind at that particular time. But certainly his language must have been used to disguise thought, and not to express it—I will put it as mildly as that; for certainly the speech he made indicated to me that his criticism was directed to the former administration, and to the fact that that administration did reduce expenditures.

They did it, it is true—under protest from their officials, because they felt that we should have spent more money for the purposes of defence. We had to point out that money was not available, so long as people were suffering from the effects of drought in western Canada and the lack of food and shelter in other parts of the country. But the primary reason was that we were committed to a policy of disarmament, through the League of Nations—a policy which we carried out, and which we were pressed in this house to carry out, a policy which was constantly being brought to our attention, and which we were being urged to make effective.

I can recall in this very chamber one of the members then sitting to the left of Mr. Speaker, rising in his place in the house and asking how much it cost per annum, per month and per day to keep the destroyers we had in operation, in commission, and how far these expenditures would have gone towards supplying food and shelter to people in Canada. And I remember the position taken by the now Prime Minister when he pointed out that these expenditures were expenditures which should not be properly made. I shall not repeat what has been said by the former minister as to what was said in the opening speech of the then Prime Minister at Kingston with reference to expenditures, looking at that building now occupied by the Department of Justice and other departments of the public service—that here was something erected by a dictator for the purpose of using cannon in the expression of his views. And the barracks being erected at Calgary, when there had been for years under consideration the erection in western Canada of some such unit. That unit was erected, and it was erected at Calgary. It contained provision for the air force as well as for other branches of the defence service, all these records of the past one recalls. But when the minister said, as he did in Victoria, that a week after he came into office he got a certain report, he knew, or must have known and did not say, that that was a report which was prepared for his predecessor in office.

Mr. MACKENZIE (Vancouver): I said it was.

Mr. BENNETT: It was not a report prepared for him. It was a report which existed, and had existed, and that he did not tell the people of Victoria. But he left the impression in their minds, in the minds of everybody, that everything had fallen into disuse through the action of the former administration; whereas the information given to him had been prepared for the former administration. With respect to the militia of this country the infantry association, a voluntary organization, had met in this city and made some recommendations. Some of them had been accepted and given effect to by the Department of National Defence. Then certain alterations and changes had been made. They came back, and it was not until 1935 that the final proposals and recommendations were made which have been accepted by the minister. To-day he has given effect to the very plans which were prepared for his predecessor—not for him at all. For not within one week, one month or several months could that information have been prepared. But he left the impression in the minds of the electors of Victoria, as he did this afternoon—no, not this afternoon—but as he did in days gone by, that this information was information which he had sought, and had set up machinery to deal with the matter. His was a committee which succeeded the committee presided over by the late Sir George Perley. It is something that had been done.

Mr. MACKENZIE (Vancouver): I said so in this house last year.

Mr. BENNETT: No, no. There is the article from Victoria, and it is not so reported.

Mr. MACKENZIE (Vancouver): I am not responsible for that.

Mr. BENNETT: Then, one step farther: All these subjects with respect to the militia and defence of this country should, if possible, be kept out of politics. They were dragged into politics in Victoria. The minister says it is unfortunate, and that what he had in mind was an attack against the Cooperative Commonwealth Federation.

Mr. MACKENZIE (Vancouver): No, that is not so. I was replying to a vote of lack of belief in the program we had undertaken.

Mr. BENNETT: I have quite fairly stated that the minister indicated that he feared the misapprehension had arisen by reason of the former minister attributing the attack which

was made by the minister against that vote of want of confidence to the official opposition, rather than to the Cooperative Commonwealth Federation. That is a fair way to put it.

I only desire to point out that all of us have endeavoured to the best of our ability to support any proposal made by any government at any time for the defence of this country. It was not easy to remain silent last year, in view of the statements made by the Prime Minister at the opening of his campaign in Kingston, only a few short months before. It was not easy to do that. But we exercised that degree of self-restraint. Not one word of carping criticism was heard from anyone on this side of the house with respect to those expenditures. Why? Because we believed that on a question of defence we should not place personal and party considerations over a common purpose.

The minister says—and I am bound to accept his statement—that the administration of these moneys has not been made the subject of party or political considerations. I can only say to him—and I shall discuss it with him personally—that I have the names of many people who came to me in Victoria and told me the condition under which they would have to get employment would be to pay a dollar to join the Liberal association, and get the ticket which would enable them to work.

Mr. MACKENZIE (Vancouver): That is not correct.

Mr. BENNETT: The minister says that is not correct. All I can say is that the Liberal party paid for a broadcast by the Reverend Clement Davis. He is from Vancouver, but he appealed to the young men and women of Victoria to support the government, because they would get more out of the government, by way of public expenditures, if they did so. The Liberal party employed him—he so said. And the broadcasting corporation controlled by the Minister of Transport indicates that he was employed or engaged by the Liberal party. There was a man paid to make an appeal for a purpose, a man who makes his headquarters in Vancouver. He was speaking to the young people of Victoria, and exercised considerable influence over them. That was the appeal. He spoke upon matters of defence, and indicated that the necessity for defence was very great.

I do believe that so far as possible we should avoid the use of very strong terms in connection with matters of this kind. We should try to be as kindly as we can under the provocation which has been created. Certainly I do hope the Prime Minister will take the view that public money, expended for defence purposes, should not be utilized as purely partisan funds, and that those who pay the taxes after all should not be compelled to see that their taxes only go to provide employment for those who are the supporters of the government.

I can readily understand the many difficulties the government may have. I have been through them. I know that when the barracks were to be built at Calgary the same effort was made. I know that the names of prospective employees were placed in a hat, and the mayor drew out the names, regardless of political considerations, in order that employment might be given without discrimination, on the ground that it was public money. A large sum of public money was to be spent. The question as to political benefit could have arisen. There the difficulty was avoided when at the city hall the names were put into a hat and taken out by a disinterested party. That was the fair way to do it, it seems to me.

I do know this that I saw something of the work that was going on in Esquimalt. I came in contact with many people, and they made the same complaint, that they could not find employment unless they had the approval of the Liberal party. I do not know that the Liberal government took the view that that was unsound.

Mr. MACKENZIE (Vancouver): I will show my right hon. friend letters to the opposite effect—

Mr. BENNETT: My hon. friend says he will show me letters to the opposite effect, but this has nothing to do with those who might be considered strong supporters of the Liberal party. It has to do with those who were considered nondescript, may I say, with respect to the party. They had to go through this form of procedure in order to get employment.

There is no doubt that the contingent that went from these shores in 1937 was a political contingent. There were five privates of the line! I was in London for a little while and this is what they said: "Here come the Canadian colonels." I wonder if the minister has examined into the number of colonels there were in that contingent? I wonder if he realizes that when the guard was to be changed at Buckingham palace there were not enough privates to do it? There were only five and they had to use sergeants and corporals and others to do the work. The photographs are nearly all destroyed now.

Mr. PINARD: What is the objection to colonels?

Mr. BENNETT: None whatever, except that they make bad privates. Sometimes privates make good colonels, but colonels do not make good privates. At one time politics found their way into the Canadian militia with very disastrous effects. There is a view abroad that politics are again present in the Canadian militia. The minister says that the selection was made in a certain way, but I know how it was made. Will he say that there was not one man who had not a uniform in connection with which a specific order went out that he was to be included in the contingent?

Mr. MACKENZIE (Vancouver): I know there were four of them taken on in London, but I do not know whether they had uniforms.

Mr. BENNETT: I am not talking about the ones who had left these shores before this specific order was issued.

Mr. MACKENZIE (Vancouver): I do not know of any.

Mr. BENNETT: Go down and ask the deputy minister, that is all. If the minister will be good enough not to evade the responsibility which I think attaches to this matter—

Mr. MACKENZIE (Vancouver): I am accepting responsibility for everything.

Mr. BENNETT: Then I recommend strongly that he becomes familiar with what that responsibility is. If the minister will do that, he and I will be at peace with one another. All he has to do is to go and ascertain the facts. All he has to do is to bring in the files and see the directions that were sent out as to that man there and this man here being a member of the contingent for purely political reasons because he had been a handy man. Do not let us have any misunderstanding. Will the minister do that?

Mr. MACKENZIE (Vancouver): I shall be very glad to.

Mr. BENNETT: Thank you. If the minister will do that we will be content. I have nothing more to say because I am satisfied that he will see that I have made an accurate statement. It may well be that he has no knowledge of what I am saying, but it was done. The result was that Canada lost a great opportunity as compared with Australia. I wonder if one realizes the steps that were taken in Australia to deal with the matter? I wonder if one realizes how the men were selected and the training they underwent? When they swung up the street everyone realized the type of men they were.

Mr. MACKENZIE (Vancouver): They were no better than ours.

Mr. BENNETT: They were privates of the line.

Mr. MACKENZIE (Vancouver): They were allowed a three months' training period.

Mr. BENNETT: That is what I am coming to. They were allowed a three months' training period and they were a magnificent type of men. By reason of that training, the public of London needed only one look at those men to see the type of men they were.

Mr. PINARD: We are not looking for any favours from London.

Mr. BENNETT: My hon. friend has an antipathy to London which he manifests on every occasion. I wonder what London has done to him outside of giving him the liberty and freedom of the city? I wonder what London ever did for him except give him the right to sit here?

Mr. PINARD: The people give me that right, not London.

Mr. BENNETT: The hon. gentleman's antipathy to that great city always manifests itself. Apparently he dislikes the people who live there. If they knew him as well as I, they might have the same view with respect to himself.

Mr. PINARD: On a question of privilege —I should like the right hon. gentleman to sit down—I have nothing against the people of London and I do not want the right hon. gentleman to state that I am opposed to them. I was there and I believe they are the best people in the world. My right hon. friend can go there, but he will be lucky if he is accepted.

Mr. BETTS: On a question of privilege, I should like it to be made clear that we are speaking of London, England, not London, Ontario.

Mr. PINARD: I would not refer to London, Ontario, when I know that my hon. friend represents that city.

Mr. BENNETT: I think we can dispense with further discussion of this kind. The Prime Minister should make a statement to this country at this time that in connection with the expenditure of moneys voted for the public defence of Canada there shall be no political and partisan administration. That is all we can reasonably ask for in order that we may be able to secure a measure of unanimity under the very difficult conditions

that now prevail in the world. We have not changed our policy of disarmament to one of rearmament merely because we are an isolated community; we did it because all the world has made that change. Those who are familiar with the history of the early days of our confederation will remember that at that time the nations of the world were arming. Germany in particular was arming, for the war of 1870 was not far off and France and the other countries of Europe were doing likewise. With a coast line both east and west and with trade to protect we are endeavouring by some united action to attain a given end.

I do hope the Prime Minister will find it possible to make a statement that will not induce the people to conclude that when their taxes are paid they can be made available only to providing work for those who support the government of the day. I do hope that that difficulty, which is a very real one in many communities, will disappear and that moneys voted by parliament for the defence of Canada will not be utilized for purely political partisan purposes.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the right hon. Leader of the Opposition (Mr. Bennett) has just expressed the hope that I would make a statement to the effect that moneys appropriated by parliament for the defence of Canada shall not be used, directly or indirectly, for political partisan purposes. I am prepared to go much further than my right hon. friend desires. My right hon. friend's hope had reference to moneys voted for the defence of Canada. I would say that the government would deplore moneys appropriated by parliament being used, directly or indirectly, for political partisan purposes, no matter for what service they have been appropriated.

Mr. BENNETT: Splendid.

Mr. MACKENZIE KING: I assume my right hon. friend will say that in those circumstances we should be prepared to support the amendment moved by the hon. member for Yale (Mr. Stirling). I would be prepared to support the amendment if it were not an amendment to the motion to go into committee of supply and therefore in the nature of a want of confidence motion in the administration. I know that the view is held by the authorities that there may be occasions on which the government need not accept as a want of confidence motion, a motion moved as an amendment to the motion to go into committee of supply.

Mr. BENNETT: It was done by my right hon. friend's own government.

[Mr. Bennett.]

Mr. MACKENZIE KING: Yes, on one occasion, but it gave rise to so much misunderstanding thereafter that I have thought it would be desirable at the moment to make perfectly clear just when that course might be followed without the possibility of its purpose being misconstrued; in other words when it would be appropriate.

Bourinot in his Parliamentary Procedure has the following at page 424:

> An amendment moved to the motion to go into committee of supply (or ways and means) does not necessarily involve want of confidence in the administration. When such an amendment simply affirms a general principle, or sets forth a public grievance, and does not directly or impliedly challenge the conduct or policy of the government, it is not, in a parliamentary sense, a motion of want of confidence, and consequently cases often occur of the government agreeing to the passage of such motions.

I would say that we can only judge as to whether this amendment does impliedly attack the government by the speech made by the hon. member who moved it. I think hon. members will agree that the hon. gentleman's speech was in the nature of a direct attack upon the Minister of National Defence (Mr. Mackenzie), an attack upon his attitude in discussing defence estimates at a by-election in Victoria; and if the government were to accept this amendment to the motion to go into supply, having regard to the speech which the hon. member for Yale (Mr. Stirling) has just made, it would be regarded as an expression of want of confidence in the government and in the minister in particular. In those circumstances I do not think the government can accept the amendment of my hon. friend moved as it is an amendment to the motion for the house to go into committee of supply. On the other hand, I have no hesitation whatever in saying that apart from the implication referred to, the government is wholly in accord with the substance of the amendment and the principle as set forth in the amendment, namely, that moneys appropriated by parliament for any purpose whatsoever should not directly or indirectly be made to serve political partisan ends.

My right hon. friend (Mr. Bennett) says that the taxpayers will resent very strongly the idea that public moneys should be used for the purpose of serving political partisan ends. Well, he has good reason to know that that is true because in the last campaign, as I recall it, he did not confine his urging of public expenditures to one particular coast but started at one coast and went clear across the country from coast to coast advocating all along the way the expenditures of public moneys for purposes that would serve political

partisan ends. And he got his answer direct from the electorate. They made it very plain that they strongly resented the leader of a political party seeking to win power by promising large expenditures of public moneys in the several constituencies in which he was seeking to elect his candidates.

What has been the position in Victoria? Holding the view that the electorate does resent the use of public moneys for political partisan ends, the electors of Victoria quite evidently did not regard the Minister of National Defence in what he was saying as seeking in any way to bribe the electorate. They understood perfectly well that he was defending one of the policies of the government, a policy which, in view of the attitude taken by the supporters of one of the candidates in that election, required to be defended at the instance of the minister. It must not be forgotten that in the by-election at Victoria there were three candidates. There was not only the Liberal candidate, but there was the candidate of the Cooperative Commonwealth Federation and the candidate of the Conservative party, and it appeared from the results, as we assumed at the time, that the candidate of the Cooperative Commonwealth Federation was a much stronger candidate than that of the Conservative party.

Mr. BENNETT: He did not get more votes.

Mr. MACKENZIE KING: Oh yes, he did. My right hon. friend does not like to admit it, but he did.

Mr. BENNETT: Oh yes; that is right.

Mr. MACKENZIE KING: And that lends point to what I am saying at the moment. The government realized in fighting the by-election at Victoria that it had to make perfectly clear what its position was in regard to expenditures on defence. The Cooperative Commonwealth Federation members in this house had moved a want of confidence motion against the administration on the score of its defence expenditures. This apart from all else made it necessary for the minister to make the explanation in detail which he did.

May I say that I agree very largely with what the hon. member for Yale has said, and also with what the right hon. leader of the opposition has said, when they urged that matters of defence and, I would add, matters that relate to foreign policy should not become unnecessarily controversial if that can be avoided, or be made too much an occasion for discussion in political campaigns. I wish we could make it a general rule that that view would be observed. Unfortunately it is only too true that there has scarcely been a by-election or a general election in some of the provinces of this dominion in which the question of defence has not been made a very live issue in the campaign, and the government has had to put forward in the clearest terms its policy and the reasons underlying it.

The hon. member (Mr. Stirling) has spoken about the difference between disarmament and rearmament. I agree with him that there was a period of disarmament which unquestionably had its influence upon the policies of the government. He says that it influenced the conduct of his government, and I am prepared to accept that statement; but I am not prepared to accept the view that the government of which he was a member was influenced by both policies. He cannot have it both ways, and say that they were actuated by a policy of disarmament, and then also say that they were actuated by a policy of rearmament.

Mr. BENNETT: Certainly, when disarmament was abandoned.

Mr. MACKENZIE KING: The leader of the opposition comes to the rescue and says when the policy of disarmament was abandoned, and I suppose in so doing he has in mind the building to which he has referred, the large public service building which he had intended should be used for the purposes of the Royal Canadian Mounted Police. The large departmental building which is now occupied by the justice department as well as by some of the officials of the Royal Canadian Mounted Police was to have been the headquarters of the Royal Canadian Mounted Police. It is true I took exception to that building being used for any such purpose, and when we came into office the house will have recognized that the government, instead of having that large departmental building used in part as a barracks, because police were to be housed there as well as the building being used for offices for officials of the department—

Mr. BENNETT: They were not to be housed there.

Mr. MACKENZIE KING: Yes; the plans so indicate.

Mr. BENNETT: Just a few of them, for the purpose of safeguarding.

Mr. MACKENZIE KING: They had their drill rooms; the whole place was planned within as a Royal Canadian Mounted Police headquarters, and it was emphasizing the strength of the police. Now may I point this out

to my hon. friend? He is quite right when he says that when I was talking about his policy in that connection I described it as one of the symptoms of dictatorship, and I did so for this reason: The police have to do with the maintenance of law and order within the confines of the country. They are not part of the defence forces of the nation, as we understand the militia and the air and naval services to be. They are part of the police maintaining law and order within the confines of the country itself, and I had the feeling—I may have been wrong but I still think I was right—that if my right hon. friend were to get into power we would see the Royal Canadian Mounted Police in this country magnified out of all proportion to the service which it could be expected to render within Canada itself.

As to what he might have done as regards the defence forces generally, that is not for me to say, but I do not think he had primarily in mind the matter of defence when he used a large proportion of the moneys appropriated for unemployment relief to construct barracks at different places, and particularly the large and elaborate barracks which was put up in the city of Calgary. However, that belongs to the past, and I have no desire to revive that question at the present time.

I wish to say in conclusion—

Mr. STIRLING: May I ask a question?

Mr. MACKENZIE KING: Certainly.

Mr. STIRLING: I do not understand the right hon. gentleman's allusion to my having advocated a policy both of disarmament and rearmament. I was most clear, I think, in pointing out that all the estimates prepared prior to those of 1936, and consequently those of our administration, were prepared in an atmosphere of disarmament, and all the subsequent ones in an atmosphere of rearmament. How then does he prove that I argued both ways?

Mr. MACKENZIE KING: He does not. I am drawing attention to this fact: I have said that my hon. friend said that the policy of the government while he was a member of it was actuated by disarmament, and I contend that if that was the case, he cannot say that this building which is now being used for the justice department was put up for the purposes of the Royal Canadian Mounted Police in consequence of some rearming policy that had subsequently succeeded that of disarmament. Nor can he say that the barracks in Calgary, or the other expenditures for military purposes made by his government were for rearmament purposes because he has just said that it was 1936 before the policies based on an atmosphere of rearmament came in.

Mr. BENNETT: Oh no. It was before that, when Germany withdrew, when the Prime Minister of Great Britain made it apparent that disarmament had failed, and Sir George Perley and the Hon. Mr. Maurice Dupré returned. That was in 1935, or at the end of 1934, and the appropriation was made for the barracks at Calgary on the rearmament basis.

Mr. MACKENZIE KING: I will not go further into the controversy, but I would direct the attention of my right hon. friend to this fact that neither he nor his Minister of National Defence said anything in the general campaign to indicate that these expenditures were for rearmament purposes.

Mr. BENNETT: They did, with reference to Calgary, because it had been planned for many years that there should be one in the west.

Mr. MACKENZIE KING: Well, we will leave the matter at that point. However, unless my hon. friend who has moved the motion feels that his purpose has been served by the discussion which has taken place, and is prepared to withdraw the motion, I would ask the members on this side and others who are prepared to support the government to vote the amendment down because of it being in the nature of a want of confidence motion.

Mr. BENNETT: On a question of privilege, I felt I was right, but the Prime Minister spoke with such certainty that I sent for the record. Mr. Mayhew had 9,493 votes; Mr. McKelvie had 7,654 and Mr. Gordon had 6,550. He was the third candidate.

Mr. MACKENZIE KING: Second in the previous by-election.

Mr. BENNETT: In the previous election Mr. Gordon was second, but the Conservative was first. The Prime Minister said that I was mistaken as to that.

Mr. MACKENZIE KING: I accept the correction at once, but my right hon. friend's memory was as treacherous as mine, because when I said the last election he agreed with me.

Mr. BENNETT: That was a question, because I felt so certain.

Mr. M. J. COLDWELL (Rosetown-Biggar): I was at Victoria during the by-election and consequently I know of the type of campaign

which was conducted there by the supporters of the government. The minister has denied that he was in any way implicated in the promises and insinuations made and I accept his statement, but I would nevertheless point out that the canvassers on the government side invariably endeavoured to persuade the electors that it would be very much better to have a Liberal member returned to this parliament because he could speak for Victoria when these large expenditures were about to be made. That, it seems to me, is on all fours with the type of campaigning which was carried on in Montreal where responsible ministers of the crown made the statement that the hole on Dorchester street would be filled by a railway, which though owned by the government is managed by an independent board. That kind of campaigning reflects not only upon the government, but upon the entire institution of parliament.

The Prime Minister (Mr. Mackenzie King) referred to the fact that it was necessary to defend the government's position owing to the attacks that were made last year upon the estimates by the group with which I am associated. Last year our attack was centred largely around the point of view that the government, which could not find money for public works to alleviate unemployment, could find money for large military expenditures; and at Victoria, last autumn, our attack upon the defence proposals was centred very largely around the point that the Dominion of Canada was at that time permitting the export in vast quantities of scrap iron, nickel, copper, and other basic war materials to the nation which was clearly indicated by the government speakers as being the potential enemy of Canada in the future, or the country from which we might some time expect an attack. The nation was never named; but it was clear to anyone who heard, for example, the Reverend Clem. Davis, to whom reference has been made, speaking over the air, that that was the inference the electors should take from the statements of Liberal speakers. And it was very largely, as the records will show, on the grounds I have indicated that we attacked the defence proposals which were being advocated by the minister and the Liberal party.

In that by-election, as in previous general elections and by-elections, certain specific promises were made on behalf of the government. In Victoria the people were told to vote for the Liberal candidate, not only for the defence of the Pacific coast, but for the institution of unemployment insurance. "Vote for Mayhew and unemployment insurance" was the slogan of speakers throughout the city during the by-election. To-day we seem to be a long way from the enactment of an unemployment insurance measure.

While I am speaking of the Victoria by-election, may I refer to some others also? I have referred to the one in Montreal. Out in East Edmonton the same kind of campaigning was carried on. National control of currency and credit, old age pensions at fifty-eight, I think it was, or was it sixty?

An hon. MEMBER: Fifty-eight.

Mr. COLDWELL: Yes, at fifty-eight and so on. These promises were made at election time, and a similar type of campaign carried on in connection with defence expenditures, not perhaps by the minister, or by prominent and responsible Liberals, if they deny it, but at any rate by the canvassers who went from door to door endeavouring to persuade those who were not in possession of the facts to vote for the Liberal party.

I am therefore going to support the amendment moved by the hon. member for Yale (Mr. Stirling), because I believe a good purpose is being served in bringing this matter to the attention of parliament and the people of Canada. It seems to me that we should endeavour to conduct our election campaigns on a rather higher plane than they have been conducted during recent months. I was at Victoria. The group with which I am connected lost there, but we are nevertheless proud of the type of campaign which our candidate, Professor King Gordon, conducted in the by-election.

Mr. G. G. McGEER (Vancouver-Burrard): The amendment before the house involves, first, the question whether or not the defence works being carried on in and around the city of Victoria at the time of the recent by-elections were used for the purpose of securing Liberal preferment in that election. The charge is clear-cut and well defined, namely, that the man who got employment in that work had first to secure a Liberal ticket. It has now been changed a little bit from the charge that was made in the by-election itself. It is now said that you had to get a membership ticket from the Liberal party before you could get the red ticket which permitted entry into the various areas where defence works were being developed.

The investigation which was carried on during the by-election disclosed that every man working in Victoria and vicinity had to obtain that red ticket before the contractor was permitted to employ him. It was not

a membership ticket in the Liberal association, but a military pass issued by the assistant adjutant-general and quartermaster-general of military district No. 11 at Work Point. This matter was clearly laid before the electorate during that by-election, as everyone knows who participated in it. And the Minister of National Defence (Mr. Mackenzie) fully explained to the electors in Victoria that work of the nature of that carried on at Albert Head was necessarily surrounded with a certain measure of secrecy. It was therefore decided that as far as possible only men who had taken the oath of allegiance to serve his majesty in the armed forces of the country should be permitted on the premises. Employment was actually restricted to ex-service men and members of the non-permanent militia. Word to this effect was circulated among the militia units and the ex-service men's clubs.

A surprising thing about this charge is found in the proportion of the number of men employed to the number of electors in Victoria. I want to congratulate my friends of the Cooperative Commonwealth Federation on the fact that notwithstanding the pitiful rout which that party suffered during the general election they returned to the fight in Victoria, and increased the vote of their candidate by something like 390. I venture to think that was due to the splendid platform ability of the hon. member who has just preceded me (Mr. Coldwell). I also want to congratulate the Conservative party, because with a very bad candidate and after a very hard trip all the way from Halifax the leader of the opposition (Mr. Bennett) took up what was recognized as almost a forlorn hope and succeeded in increasing the vote of the Conservative candidate over the vote secured by the very much beloved and lamented late Doctor Tolmie in Victoria by some 1,700 votes. With such success coming to both Cooperative Commonwealth Federation and the Conservative party it would seem that the Liberals were in a desperate plight and might in their weakness feel it necessary to resort to some such tactics as have been charged. But for some reason or another the Liberal party, after taking third place in the previous election, was successful in changing that to first place with an increase of, not 390 votes or 1,700, but three thousand and some odd hundreds. What part could the red ticket or the Liberal association membership ticket have played in that, the total number of men employed on the defence works at that time being 291? And with the exception of fifteen key men every one of those was a returned man or a member of the militia and recommended by branches of the Canadian Legion, the Army and Navy Veterans, the Imperial Veterans, or the officers commanding the Canadian Scottish, the fifth C.G.A., the Army Service Corps, the Seventeenth Fortress Company and the Royal Canadian Naval Veterans Reserve.

The best test of the virtue of the charge made here to-day is found in the vote of the electors, because they voted upon these very facts; for all the issues raised in the charges made in supporting this resolution were raised in the Victoria by-election. If there is one group of men who more than any other, would resent the type of thing charged here it would be the returned men in the city of Victoria. But on November 11 the Imperial Veterans' Association, Victoria and district branch, wrote to the Hon. Ian Mackenzie, M.P., Minister of National Defence, Ottawa, as follows:

Dear Sir:

At an executive meeting of above association the following resolution was passed, and I am hereby authorized to send a copy on to you.

"Whereas the Department of National Defence in respect to the Albert Head project have laid down definite policy of allocation of employment re ex-service men, we the executive of the Imperial Veterans' Association of Victoria and district desire to go on record that we endorse the same and consider it of unquestioned fairness."

I am, sir, your obedient servant,

T. Miller,
Secretary.

That was before the election. After the election the minister received from the Canadian Legion of the British Empire Service League district council, Victoria, B.C., the following:

Dear Mr. Mackenzie:

At a meeting of the Victoria and district council, Canadian legion, British Empire Service League, held a few nights ago, I was instructed to convey to you the council's heartiest congratulations and best thanks on the arrangements made between your department, the Northern Construction Company and the Employment Service of Canada in so far as the employment of ex-service men on the Albert Head project is concerned.

Warm appreciation was voiced by the delegates present, and the hope expressed that the same arrangements will be as amicably arranged in any future contracts that may be entered into between your department and other companies.

From the first battalion, Canadian Scottish regiment, Victoria, came this letter, addressed to the Minister of National Defence:

I wish to take this opportunity, on behalf of my battalion and myself, of expressing

appreciation of the manner in which employment of labour has been carried out in the defence works at Albert Head. The giving preference to employment of returned soldiers and serving members of the non-permanent active militia is eminently fair, and will do much towards the building up of the necessary defence forces.

May I express the hope that this policy will be continued in the further works that are now under consideration.

Respectfully yours,
J. R. Kingham, Lt.-Col.,
Officer commanding.

In the face of these letters one can hardly wonder at the splendid success that the Liberal party achieved with a candidate of the type of Mr. Mayhew.

The leader of the opposition charges that the defence issue should never have been raised in the by-election. But he raised it very definitely.

Mr. BENNETT: Mr. Speaker, I must direct your attention to the fact that he did not raise it; it was raised when I was not on the island, by the minister in his opening speech to which reference was made. Let there be no misunderstanding about that.

Mr. McGEER: Well, it may be more correct to say that the leader of the opposition took advantage of remarks made by the Minister of National Defence to raise that issue in his own particular way. I do not think he is prepared to deny that.

Mr. BENNETT: I am prepared at once to deny that I raised the issue. I met the statement raised by the minister.

Mr. McGEER: Let me call as a witness the Conservative press of the city of Victoria. This is from the Victoria Colonist of November 26:

Mr. Bennett stated the people of Victoria should ask the government representative to state publicly what contracts were out for defence works and who had them; what airplanes have been bought and from whom, and what guns are being placed in Esquimalt and how old they were. "They are bringing old worn-out guns from Halifax to plant in Victoria."

That was the manner in which the leader of the opposition raised the issue of defence. And let me inform the house that he was, as I think they say in Quebec, hoist with his own petard, because the Minister of National Defence in a reply pointed out that the only worn-out, obsolete gun that had arrived in Victoria from Halifax was the leader of the opposition himself.

Mr. BENNETT: This is on the high plane of which my hon. friend spoke this afternoon.

Mr. McGEER: One can hardly blame the Minister of National Defence for taking advantage of an opportunity that was so obvious. Of course the right hon. leader of the opposition came to Victoria to win that by-election, and in his own mind he had no doubt but that in doing so he was going to launch a new national program in Canada based upon the worn-out cry of 1911 "No truck or trade with the Yankees."

Mr. BENNETT: I think I shall have to give that an unquestioned denial, though it does not make very much difference in offering a denial to the hon. gentleman.

Mr. McGEER: Well, it never does make much difference if a denial does not change the fact.

I want to come now to the other issue that was raised by the leader of the opposition in his own particular way, and I ask hon. members to remember that according to the hon. member for Yale (Mr. Stirling) this amendment is based upon the assumption that men seeking votes from the electors for themselves or their party candidates should stand upon the highest ethical grounds of truth in stating facts to the public. As we saw that issue in Victoria, a world situation developed in which there was a possibility not merely of increased friendship between the British and United States governments but also of increased friendship and understanding between the people of Great Britain and the nations of the British Empire and the people of the great republic to our south. Some discussions had taken place between Great Britain and the United States indicating a desire on the part of both governments to formulate and consummate a new trade agreement between those two great countries. As soon as that information was made public, it was assumed by the leader of the opposition and his party that no such agreement could be formulated or consummated without sacrificing the empire trade agreements or some portion of them, and that no possible compensation could be secured by Canada that would permit her to authorize any variation or change in those agreements. The right hon. gentleman had a direct appeal to make to the fears of the lumbering interests, the fruit interests and the fishing interests of that great province on the Pacific coast. He not only charged this government with bringing obsolete guns from Halifax to defend the Pacific coast; he deliberately charged this government with a ready willingness to sacrifice not only the interests of the empire but the interests of the Do-

minion of Canada in a futile attempt to appease the people of the United States. Listen to how far he went. He said:

I would ask you people of this city to have the government of Canada say, before Saturday night—

That was the night of the election.

—whether or not the preferences on lumber are to go. That is the issue in this by-election. I know your government has agreed—

Now, notice the way in which the reporter of his own press carried that message to the people who did not hear it on the radio or who were not at the meeting. He said:

"I know your government has agreed," and there Mr. Bennett halted, leaving the inference the government has already committed itself to certain things concerning the lumber exports of Canada.

"I know your government has agreed," and then an inferential pause; but the reporter of the Conservative press did not take any chances on any unintelligent individual interpreting the meaning of that pause. He supplied what he at least thought the right hon. gentleman intended to convey.

Continuing, he declared: "Let this country know that this matter has been settled in a corner; that it has been discussed in cabinet. Never in my life have I been so concerned over public matters as this and it needs no prophet to see where it is all going to meet. It is an hypocrisy to say that this thing is being done in the sacred name of peace."

Well, Mr. Speaker, on the same day that this extraordinary statement was reported in the press of Vancouver and Victoria messages came through from Australia in quite a different tone. The Vancouver Province carried the following report from Sydney:

Grim warning of Australia's dangers in the event of war, and a strong plea for British empire understanding with the United States were made by Prime Minister Lyons in a recent speech on the Pacific situation.

Mr. Lyons stressed the dangers to Australian trade routes to-day and envisaged the possibilities of a blockade of Australia.

"We must foster the friendship and co-operation of other nations desirous of following the path of peace," said Mr. Lyons, "and in this regard the Australian government will cooperate in seeking a cordial political and economic understanding betwen the British Empire and the United States.

"We believe that the British Empire working in close cooperation with the United States can be an irresistible force of reason and conciliation.

"In the face of realities which every day grow more ghastly this great nation has been obliged to jettison a noble experiment and throw in the lot of her people with others who seek not for aggression but for peace.

[Mr. McGeer.]

"Any policy designed to guarantee the security of Australia must be one of cooperation in trade and defence with other members of the British Empire, and a political and economic understanding with the United States."

That was the very program, both in the matter of defence and in the matter of trade agreements which were to be considered between Great Britain and the United States, as we placed them in the issues of the by-election, to be voted upon by the electors in one of the most conservative and British cities in the whole of Canada. It was not a red ticket, a Liberal ticket, the misuse of public funds, the abuse of privilege by the Minister of National Defence, or a wrong act by any of the supporters of the hon. member for Victoria (Mr. Mayhew) and the government which won so magnificent a majority. It was a clear presentation of the real issues involved. What I, and other persons engaged in the election, asked the electors to decide in casting their ballots was, first: Are you in favour of the defence program and its extension by the government, so far as the Pacific coast is concerned and, second, are you in favour of the government of Canada cooperating with Great Britain and other nations of the British Empire in helping to bring about a reasonable understanding between the people of the British Empire and those of the United States? Upon those issues they voted.

Some little word has been said that it was unfair to criticize the policy of the late government in matters of defence, because they were acting in league with a world program designed to create disarmament. No league of nations conference ever considered there was any necessity for disarmament in Canada, because Canada had never armed. The remarks of the right hon. the leader of the opposition quoted recently in Liberty magazine make that more than clear. The editor states that two years ago Liberty had the privilege of publishing the editorial, which I shall quote, by "the Right Hon. R. B. Bennett, former Prime Minister of Canada." So that he was writing this, not when he was in power, but when he sat in the cool, quiet shades of opposition, with all the time required for reflection. Here is his statement as to a national defence policy for the protection of the dominion:

We have subscribed lightly to international covenants because others were doing so. If we had so much as hesitated to sign on the dotted line we would have gravely charged ourselves with delaying the millenium. We know now that these international emotional cloudbursts have little meaning. We cannot act alone; but we can, in association with others having similar aspirations and ideals,

endeavour to give international contracts of the future some basis of reality. The problem of protection from external aggression is one that Canada has never seriously faced.

The issue we raised in that by-election was whether or not we should now face the issue as Canadian people, and whether or not we would secure from a national government a real program of Pacific defence which would recognize this dominion as a Pacific ocean nation. That was the issue involved in the by-election. I cannot see that that is anything but right and proper. Surely the people of Victoria and Vancouver, and of British Columbia generally, have the right to say whether, after full and open discussion, they approve the new policy inaugurated by this government of facing squarely within the means of the country the development of a defence system on the Pacific coast which will give at least some measure of security from sporadic raiding, should conflict break out among the larger powers.

This charge is just as silly and absurd as was the plea made by the leader of the opposition. If this same charge, supported by the meagre facts upon which it rests, were submitted to the electors of Victoria tomorrow, the majority secured by the Liberal party in the by-election would be overwhelmingly increased. I doubt whether this would do any great good to the Minister of National Defence. It can hardly add to his popularity on the Pacific coast, because that popularity is just about at the highest point it can reach.

Mr. H. S. HAMILTON (Algoma West): Mr. Speaker, it is impossible for me to refrain from speaking for a few moments in answer to the observations of the hon. member for London (Mr. Betts). He has assumed the liberty of criticizing severely the manner in which the contingent representing Canada at the coronation was chosen. I believe he has used language which reflects unfairly not only upon the government but upon the stamp and type of many of the splendid men who composed that contingent. I know nothing about how that contingent was chosen, generally, but I do know something about the choice made in my constituency. I know that there the military people chose a man who had a splendid record overseas, one who was a smart and able soldier and who was not at that time or never has been an officer.

It has been my privilege to serve overseas in the ranks of the Canadian expeditionary force, and I believe I can speak with some authority with respect to an able and smart non-commissioned officer. He was a representative officer and he honoured us by being in that contingent. He was well thought of and a highly esteemed and capable non-commissioned officer. I want to make this clear for his sake so that the people of my town will know that the choice of this man was made entirely by his comrades and officers in his own regiment. The selection was made utterly free of any influence of any kind. I had nothing to do, either directly or indirectly, with that selection.

This man went over there as a representative of his regiment. He glories in the fact that he was so chosen and he considers it an honour. Those who are dear to him also consider it an honour that he was so chosen to represent the regiment of which he was a member. I think it is unfortunate that it should be intimated that this choice was political. I realize that the hon. member does not single out this or that regiment, and I do not profess to speak in connection with the general selection. The minister and those responsible are well able to answer for themselves. However, in honour of the type of man I have referred to, in honour of the officers and men of his regiment who selected him, I think I should say these words. If they disagree in any way they will let it be known. In justice to them, I think the words I have said should be said.

May I add just one more word before I sit down? I am learning things from day to day and from week to week by listening to the debates in this chamber and observing the methods resorted to in connection with what might be termed parliamentary tactics or strategy. If there was anything censorable done in Victoria—as far as I know there was not—if national defence has been used for political purposes, then I think it is fair to say that because of the form of the motion that has been made an attempt is being made to force me to take a stand which indicates that I am approving of our defence policies being injected into political warfare. As has been pointed out by the Prime Minister (Mr. Mackenzie King), with the present wording of the motion I must choose between censoring the government—this amendment is equivalent to a motion of want of confidence—and appearing to support something that I naturally do not wish to support. Practically all hon. members agree that we do not want our national defence policies to be degraded to the extent that politics are played in connection therewith.

I wish merely to record my attitude on this matter. I think hon. members of the opposition generally and the hon. member for Yale (Mr. Stirling), who moved the amendment, would have been more fair to the public and would have put this issue more clearly before the house if they had stated that this motion was intended to censor the present government for playing politics in connection with the national defence policies of Canada. I do not believe that has been done. I believe they have subtly and cunningly injected this in the amendment they have put before us. Naturally I am voting against it because I believe the Prime Minister, the Minister of National Defence (Mr. Mackenzie) and their colleagues have scrupulously tried to avoid mixing up our national defence policies with politics.

Mr. L. A. MUTCH (Winnipeg South): Mr. Speaker, I have just come back from my constituency. Since the ninth day of this month I have been interviewing people at almost ten minute intervals until a couple of days ago. At this point in the debate I should like to say I feel sure that no one in my constituency cared whether the contingent sent to the coronation was made up of the militia or the marines. I do not think anyone in that constituency cares whether there were four or forty privates in that contingent. I have had military experience myself, and I realize that most of the duties which would devolve upon the gentlemen who went to the coronation would be social. If the contingent was mainly made up of colonels, they would be better able to handle these duties. My belief is that the time of this house could be better employed than in setting up straw men and burning them down with fiery rhetoric. I had hoped that for the rest of the session we would be through with fiddling and would perhaps devote more time to the fire protection of our Canadian Rome, which many of us think is burning.

When responsible members of this or other legislative bodies waste their time in this sort of thing, irreparable damage is done to the institutions of democracy. To-day's Hansard may cause a few chuckles in the odd militia mess, a few grins in party gatherings, but it will surely disgust the majority of ordinary people. I do not want to say anything more lest I condemn myself by my own remarks, but I do want to draw attention to what to my mind, and to the minds of the people of my constituency, has been a wasted afternoon.

Mr. STIRLING: The discussion has produced so clear a statement from the right hon. the Prime Minister (Mr. Mackenzie King) as to his attitude, and, I assume, the attitude of his colleagues, in this matter, that with the permission of the house, I am quite prepared to withdraw my amendment.

Amendment withdrawn.

Motion (Mr. Dunning) agreed to and the house went into committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF EXTERNAL AFFAIRS

Departmental administration, $184,575.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I intimated at the time of adjournment that if we reached supply to-day, I should like to call an item in external affairs so that I might be in position, should it appear desirable, to take up some matters concerning this department at a later time in the week. I have not my papers with me at the moment, and possibly the committee would allow me to consider this department as being in committee for any future occasion.

Mr. BENNETT: All that is necessary is to call an item.

Item stands.

DEPARTMENT OF TRADE AND COMMERCE

An act to place Canadian coal used in the manufacture of iron or steel on a basis of equality with imported coal—administration, $600.

Mr. STEWART: What is this item?

Hon. W. D. EULER (Minister of Trade and Commerce): The $600 item is to pay for the administration of the act in connection with subsidies on Canadian coal reduced to coke and used for the production of steel. It is to pay the advance costs, which are later repaid by the coal company.

Mr. BENNETT: It seems a small sum.

Mr. EULER: It is merely for the preliminary expenses. The actual subsidy is in the next item amounting to $200,000.

Item agreed to.

DEPARTMENT OF LABOUR

International Labour Conference, $15,000.

Hon. NORMAN McL. ROGERS (Minister of Labour): This is an item passed annually to provide for the expenses of the delegation attending the annual meetings of the International Labour Conference at Geneva.

Mr. BENNETT: It is $5,000 less than last year.

Mr. ROGERS: Yes. Last year we had to make provision for a special preparatory conference on textiles which was held at Washington, and $5,000 additional was voted for that purpose in the supplementary estimates.

Mr. STEWART: How much of that $5,000 was expended in connection with the textile conference at Washington?

Mr. ROGERS: The Washington conference is not listed separately. Perhaps it would be preferable to allow the item to stand, and I shall be glad to get the information for my hon. friend.

Mr. STEWART: All right.

Item stands.

DEPARTMENT OF AGRICULTURE

Departmental administration, $112,655.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Chairman, I would ask that this be treated exactly the same as the Prime Minister's item, and be allowed to stand.

Mr. BENNETT: This department was not mentioned as one that would be gone into to-day, but I suppose we might as well get along.

Mr. MACKENZIE KING: No, it was not. Thank you.

Item stands.

DEPARTMENT OF TRANSPORT

Marine service—Nautical services—Marine service steamers, including ice-breakers—maintenance, operation and repairs, $1,326,700.

Mr. PELLETIER: Inasmuch as the discussion of the sale of equipment by the government to the amount of $1,750,000 will probably take place on this item, and the minister will likely be making a statement upon it, perhaps we might call it six o'clock, to give him an opportunity to make his statement after dinner.

Hon. C. D. HOWE (Minister of Transport): The proper place, Mr. Chairman, to discuss that, would be on item No. 417—river St. Lawrence ship channel—capital. It does not matter particularly, but I think we shall come to that item presently.

Mr. PELLETIER: The reason I raise the point now is that the minister advised me that the sale would be discussed under item No. 405, but if it is to be discussed under another item, I am willing that the item should stand.

Mr. STEWART: I notice there is a decrease of $80,747.75 in this item. Are some services being discontinued, or how is he able to carry on with this smaller amount? It is encouraging to find the expenditure decreasing, but sometimes there is a reason.

Mr. HOWE: There is no discontinuance of any service. As I said last year on this item, an attempt is being made to reduce the number of ships by keeping ships in commission twelve months in the year instead of having one type of ship for ice-breaking, another for laying buoys, and another for some other service. As a result of that policy, four ships were retired from service last year.

Mr. STEWART: What were they?

Mr. HOWE: They are the ones we discussed on another item—the Newington, the Loos, the Gulnare and the Mikula.

Mr. STEWART: Where were they operating?

Mr. HOWE: The Newington was operating from the Prince Rupert agency, and the Loos, Gulnare and Mikula on the St. Lawrence river, out of Quebec agency. They were retired from service and sold.

Mr. STEWART: Retired and sold? So there will be no expenditure upon them. Does that account for the entire decrease?

Mr. HOWE: I shall be glad to give my hon. friend the particulars. The chief reduction is in the item, repairs to steamers, a reduction of $104,680; a reduction in supplies of $3,230; increase due to restoration of salary deduction, $10,507; increase in crews' wages, $10,254; increased fuel cost, $3,550; sundry increases, $2,850. The decreases total $107,000, and the increases $27,000, making a net decrease of $80,000 odd.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. PELLETIER: In view of the fact that the shipyards at Sorel have been sold, the minister might tell us where from now on ice-breakers will be repaired, where maintenance will be carried out, and how much of this money is to be used for the purpose of maintaining these ships. He might also

separate the cost of ice-breakers and other steamers which he has retained from the Sorel shipyards.

Hon. C. D. HOWE (Minister of Transport): Certainly not in my time, and I am sure not for many years have steamers in this list been maintained at the Sorel shipyards. The Sorel shipyards have been used mainly for the repair and maintenance of the dredging fleet. The other work has been done in private yards and will continue to be so done. The ships attached to the Montreal agency are usually repaired at one of the Montreal shipyards, the work being done by the lowest tenderer. Ships attached to the Quebec agency are repaired at one of the three Quebec shipyards, also by the lowest tenderer; those on the Atlantic are repaired either at Saint John or Halifax, and those on the Pacific are repaired at either of the shipyards at Vancouver and Victoria, or at Prince Rupert.

Mr. PELLETIER: So that at no time at all have ice-breakers been maintained at the Sorel shipyards?

Mr. HOWE: Occasionally they call for incidental repairs, but no major overhauling or repairing is undertaken there. As a matter of fact there is no dry dock at that point and no possible way of making major repairs to ships of the size of which my hon. friend speaks.

Mr. PELLETIER: Whenever such ships have called at Sorel for repairs, have they been repaired at the government shipyards or by the private concern at that point?

Mr. HOWE: I do not understand the question.

Mr. PELLETIER: I understand that there were two shipyards at Sorel, one owned by the government and the other by a private company. I was wondering whether such repairs as may have been made at Sorel have been carried out by the government shipyards or by the private company. The minister says that occasionally such ships call for minor repairs.

Mr. HOWE: No ice-breaker has ever been repaired at Sorel except at the government shipyards, and only minor repairs can be carried out there. If it is necessary to put any ship into dry dock, it must be taken to the Vickers yard at Montreal or to one of the three yards at Quebec capable of undertaking that class of work.

Mr. CHURCH: I can see no reason why Ontario should not be given equal treatment with the rest of Canada in this matter. Why is this province not entitled to ice-breakers? In some of the municipalities bordering on the chain of inland lakes there are many public utilities that cannot operate in winter except under favourable conditions. There is a large vote for work of this kind in connection with Hudson bay, work that is scarcely necessary, whereas last winter the people of Ontario were faced with a serious state of affairs on the Niagara river where public utilities might in one half hour have been closed down, disrupting transportation and water services. I say that Ontario, in the matter of ice-breakers, is entitled to the same consideration which has been shown to other parts of Canada that have been favoured in this respect since confederation. Niagara river is navigable in part and there is an investment there of some $60,000,000, but when an ice-breaker is needed it is not available. I understand that an application was made to Toronto for assistance but without success, and had it not been for a favourable wind coming along at the right time a number of power companies would have been swept away and various utilities ruined for want of an ice-breaker. Under this item I can see no reason whatever why Ontario should not be given equal treatment with other parts of Canada. The province does not get very much money for harbours, and I submit that the department should give it some consideration.

Mr. HOWE: This vote covers services on the great lakes of the type my hon. friend mentions. For instance, we have two large boats with headquarters at the Parry Sound agency, and we contract for ice-breaking at the head of the lakes, using private boats for the purpose. The duty of this department, however, is to maintain navigation, and Niagara river is not navigable. The department has spent some $130,000,000 in providing navigation facilities for the Niagara escarpment by means of the Welland canal. We maintain a boat at Kingston and boats on the Trent canal, and in a general way we have attempted to give Ontario just as good service in the maintenance of navigation as we provide in the province of Quebec and the maritimes. I think we have succeeded reasonably well in that endeavour, for we have always been able to open the lakes at the same time as the St. Lawrence.

Mr. CHURCH: Did the department receive any application from the government of Ontario or from municipalities for the loan of an ice-breaker? It is all very well to say what the policy of the department has been, but I would point out to the minister that

there are other bridges which might have been destroyed in the same way as the "Honeymoon" bridge; there are steamer landings at Queenston, Lewiston and Niagara that have been carried away, and had there been an ice-breaker in the river below these points this might not have happened. In my opinion the government should not regard the supplying of ice-breakers as pertaining entirely to navigation. It is an exploded argument that only the maritimes, the St. Lawrence and certain other sections are entitled to this service. The government should do its duty by providing in the winter adequate ice-breaking equipment wherever necessary, and Ontario is unquestionably entitled to this service. Did the minister receive any applications for assistance?

Mr. HOWE: We had two or three applications to help in an abnormal situation at Niagara, and we sent Captain Balcolm, one of the most expert men in the department in the handling of ice conditions. He went in an advisory capacity and informed us that there was nothing we could do; there was no equipment that we could send under any circumstances which would be of the slightest benefit. I repeat, we do provide exactly the same type of service throughout the waterway system in Ontario that we provide in the province of Quebec and the maritimes. Anyone familiar with ice conditions knows that in the occasional year conditions arise with which no one can cope. A dock, especially of timber construction, is liable to be upset or displaced by an ice push, and there is nothing the government can do to prevent it from occurring. They occur at all points.

Mr. PELLETIER: This item is for "marine service steamers, including ice-breakers." That conveys the implication that there are other steamers than ice-breakers. Since the government has sold the St. Lawrence dredging fleet, has it retained any ships which were formerly attached to that work in the St. Lawrence ship channel?

Mr. HOWE: There are twenty-four dominion steamers altogether; five are ice-breakers, the others are lighthouse supply ships, buoy boats and service boats generally, but chiefly those three classifications. In some instances the boats are equipped for combined services; we are gradually equipping our ice-breakers to serve as buoy boats as well. We did keep certain equipment which was formerly on the St. Lawrence, but that does not come under this vote. We kept the stone lifters, the sounding equipment and staff boats of the department for the engineering and inspection work. We kept all the equipment that was useful to the department, having in mind that it is the policy in future to have the dredging done by contract.

Mr. LENNARD: What type of fuel is used in these boats?

Mr. HOWE: They are all coal burners except four. The Citadelle, the McLean, the St. Héliers and the Saurel burn oil.

Mr. LENNARD: Is it more economical for them to burn oil?

Mr. HOWE: The chief advantage of oil fuel is the much longer cruising range it allows. It would be impossible to carry out the patrol of Hudson strait with a coal burner, as there are no coal supplies there. By filling the tanks and taking a deckload of oil she is able to carry on most of the season. As to the difference in cost, it depends upon the relative prices of coal and oil, but generally speaking oil burners are more economical for our work than coal.

Mr. LENNARD: Is the coal used Canadian coal?

Mr. HOWE: Yes, entirely.

Item agreed to.

Miscellaneous services relating to navigation and shipping including grants of $600 towards school of navigation at Lunenburg, N.S. and $500 towards school of navigation at Queen's university, $48,060.

Mr. BETTS: What are the particulars of the grant of $4,000 for relief of distressed seamen? What form does that take?

Mr. HOWE: Provision is necessary for the relief of distressed Canadian seamen abroad, according to the provisions of sections 295 and 303 of the Canadian Shipping Act; also to pay any legal expenses which may be incurred in that connection, and for shipping books and forms. Liability is incurred all over the world wherever distressed Canadian seamen may be found. In Great Britain they are looked after by the British Board of Trade, in foreign countries by the consuls, etc., and at home by shipping masters and customs officers. Accounts for expenses incurred are forwarded to the department for settlement. As far as possible refunds are obtained by the department from the shipowners concerned.

Mr. NEILL: I understand this item includes a vote of $5,000 for removal of obstructions. However, it is quite impossible that that should cover the matter I have in mind. Has the minister considered the removal this

year of Ripple Rock in the channel between Vancouver island and the mainland? I know this question has been before him in past years. It is not an increased danger, but it is a danger to an increasing number of ships. Steamers running north from the United States and those of our own country have to lie up to catch the tide. If that rock were removed, this would not only expedite traffic but perhaps some day prevent a very heavy loss of life.

Mr. HOWE: The amount of $5,000 in this vote applies only to removal of wrecks which are a menace to navigation. If a ship is wrecked in a navigable channel, this covers the removal of the wreck. Of course $5,000 is only an estimate; sometimes very little of it is spent, and sometimes more than that amount is required; but on the whole it has proved sufficient in the past.

As for the removal of Ripple Rock, that is a matter for the Department of Public Works; it is not the type of work undertaken by the Department of Transport. We have recommended to the Department of Public Works the removal of Ripple Rock when sufficient funds are available. I think the Department of Public Works has it under consideration.

Mr. NEILL: This item covers grants to schools of navigation at two points on the Atlantic. Does not the growing importance of the port of Vancouver justify a grant for a school of navigation on the Pacific also?

Mr. HOWE: We are actively considering at the moment the establishment of a school of navigation, or rather a government-aided school in Vancouver. We are in negotiation with the Department of Education at Victoria, and it is probable that the supplementary estimates will include a small grant for that purpose.

Mr. NEILL: Would it be connected with the university?

Mr. HOWE: No; with the department of technical education of the province. An extremely efficient school has been conducted privately at Vancouver for some years, but the man conducting it finds that he needs help. We suggested to the province that a school be established, and we are prepared in conjunction with the province to give a rather more extended course than has been given there in the past.

Mr. CHURCH: Under this item an important principle is involved; that is the principle of what Canada is doing at the present time to create employment. This empire came into being by the sea. Canada has a large number of men out of work, many of them on the dole. Why does the minister not say to these young men—it may be in conjunction with the Minister of National Defence—Do you want to join in a volunteer navy with pay? Canada excels in all kinds of aquatic sports. At the time of the Gordon expedition up the Nile they had to appeal to Canadians to man the boats. There are now two schools of navigation, one at Lunenburg and one at Queen's university. There are thousands of young Canadians who would go to such a school, take up shipping and navigation if they could, and qualify for the merchant marine, which is the back-bone of the British navy. But this government sold a lot of merchant marine ships for a song, and the empire has 2,000 fewer merchant ships to-day than it had in 1914.

The minister, in association with those of other departments, should come along with a forward educational training policy for the great lakes and the seaboard, establish these schools throughout Canada where needed, and give free tuition for the navy. At present there is one in Lunenburg and another meets for a short time at Queen's. Why are not these schools established in connection with the other universities of the dominion, and on the same scale as the militia for the army? There are hundreds of young men in the canoe clubs, rowing clubs and yacht clubs of the country. This empire came into being by the sea and without it the empire would not last. We should train men for the British fleet and merchant marine. The government feels that adequate armaments are necessary, but armaments without adequate man power are useless. The minister could do a great deal to aid unemployment among the youth of our dominion, many of whom go down to the waterfront in the spring of the year in order to look for something to do on the ships. A survey and recruiting volunteer system should be established. As hon. members know, conditions in the merchant marine to-day in Canada are not what they should be, from the standpoint of health as well as in other ways, and as a result the young people do not go in for that branch of the service. To-day our navy depends upon foreign petrol and not coal for its motive power. If we are to continue in the British Empire the time has come for us to do something in regard to our naval strength, not only in connection with merchant shipping but in relation to other

branches of marine work, and give active aid to the British navy and merchant marine. Where are the navy leaguers?

The Department of Marine has been in existence since confederation, largely for the benefit of the maritime provinces. It has not done very much for the great lakes or for the development of the youth of Canada for sailors or for that fine arm of the British forces. I know of no country that can produce better seamen, not only for the merchant marine but for other ships, and also cadets for officers than Canada, but our young men have no opportunity to become trained for that work. It is true that there are a couple of schools each receiving a grant of $600, but I think the time has come for the government to consider a proper, adequate, national policy. We are a maritime, nautical people, or should be. We have our great coast lines and this magnificent chain of lakes, and $250,000,000 invested in canals. Look at what they are doing in Detroit in the war marine department and all down the great lakes on the other side! We are asleep on this side of the border. Such a policy would provide employment for thousands of young people and give them a calling, but instead we simply vote the same amount year after year. Hundreds of youths leaving our high schools cannot find work. They belong to these aquatic clubs from Vancouver to Halifax. If they had someone to give them a lead; if there was a forward policy provided by the government, it would mean a great deal not only in the way of employment but also in the defence of Canada and the British Empire. Look at what New Zealand and Australia are doing! We had some merchant marine ships owned by the government which were sold for a mere pittance; ten ships sold for about $500,000, and now ships are badly needed to carry food to the old country in time of emergency. We have only a couple of schools of this kind, which are attended by very few people. I do not know how many days the schools last; I understand they are only seasonal, and I think this whole matter should be considered in a bigger, broader spirit by the government if we are to have any sort of defence on our sea coasts and great lakes. We should take a leaf out of the book of our sister dominions and aid the freedom of the seas by providing men and cadets.

Mr. HOWE: The government supports these schools directly, and in addition we make a grant to Queen's university, which gives a free course to any man wishing to qualify for a master's certificate. In addition the province of Ontario maintains in Toronto, through its technical education branch, a school not unlike those we maintain on the Atlantic and Pacific coasts. We are working now with the province of British Columbia, cooperating in the establishment of a free school in Vancouver, and we shall be delighted to cooperate with the educational authorities of any province desiring to set up a school of that kind.

Mr. BENNETT: What is the grant to Queen's university?

Mr. HOWE: It is $500 a year.

Mr. TAYLOR (Nanaimo): Has the minister anything to say about the anomaly in the shipping act which provides that service certificates shall be given to masters and mates under easier conditions of qualification than apply to actually qualified masters and mates sailing out their time in apprenticeship? I might add in explanation that in British Columbia there is intense feeling because service certificates are given to so many people on the coast while qualified masters and mates who have served in deep sea ships are unable to obtain employment.

Mr. HOWE: The service certificate arose under the new shipping act that was put into force some eighteen months or two years ago. Under the new act certificates are required on boats that did not formerly require these certificates; that is, there are new classes of masters' and mates' certificates. It was impossible to qualify men to take over the work for which certificates were required under the new shipping act, and the service certificate was devised as a practical way of bridging the gap between the requirements under the old act and the requirements under the new one. The certificate of service will gradually disappear. It simply meant that men who were not qualified but who were actually doing the work were examined, and if they could pass a fairly simple test on the rules of the road and elementary seamanship they were granted a service certificate allowing them to operate in the home trade.

Mr. BENNETT: For how long?

Mr. HOWE: Indefinitely.

Mr. TAYLOR (Nanaimo): But what I wish to point out is that apparently, from the layman's point of view, the particular clause in the act which permits these service certificates is badly drawn. If I had the act before me I could show the minister clearly that in that clause there is an implication which does not belong in the act.

Mr. HOWE: The clause in question was drawn up by the law officers of the crown. The officer of my department who is responsible for the examination of masters and mates says that in practice this has proved to be the most workable clause that could have been devised, and he could not suggest any changes in it at the present time. I may say that a strong difference of opinion exists on the two coasts with regard to these certificates of service. On the Atlantic coast we are told that the requirements are much too strict, that they prevent a number of people from serving who should be permitted to serve on boats in the home trade. On the Pacific coast we are told that the requirements are too lax. But taking Canada as a whole, as we must in administering a department such as this, we believe that in its present form the clause is just about as workable as any that could be devised.

Mr. NEILL: Are these service certificates not restricted to the handling of fishing boats?

Mr. HOWE: No; there are other boats in the home trade that have these service certificates. Fish packing boats require them as well.

Mr. CLARKE (Rosedale): I notice two items in reference to printing and stationery. In the first place $900 was provided for both 1937-38 and 1938-39. Further down there is a second item for printing and stationery, amounting to $6,000 for 1938-39 and $5,000 for 1937-38. Why is this extra $1,000 provided for printing and stationery in the one item, and also why are there two items? Why are they separated?

Mr. HOWE: Under the new shipping act new forms are required for practically everything the department does. This is a widespread service, and connected with it are large numbers of forms. Although some of them are used only occasionally, the change in forms requires a great deal of printing. The second item is an emergency one which will not recur, and arises this year because there has been extra printing in the revision of forms and bringing the stock up to date.

Mr. TAYLOR (Nanaimo): I have sent for a copy of the shipping act, and as soon as I receive it I shall direct a part of it to the attention of the minister. Despite his observations I am not satisfied that the section in question has been well drafted.

Mr. CHURCH: The minister has not given a complete answer to the question I asked him with respect to the miscellaneous services relating to navigation and shipping. Are we to admit that, so far as aids to navigation and shipping are concerned, the government will depend upon another power to keep open its trade routes? They might as well admit now that if this is all we are voting, we are simply sponging on the hard earnings of the British taxpayer, in our effort to obtain navigation and shipping protection. Cannot we, the country standing fifth in shipping, keep open these wonderful trade routes? This is a humiliating position for the people of Canada to be in, especially when we hear the minister who operates this trust for them admit that we have no protection at all, except that provided by the mother country. He admits that we have no protection on the great lakes, in the gulf, in the rivers or on the oceans where these routes exist. I am glad we know about it, anyway.

Mr. HOWE: We have sufficient seamen in Canada to operate all Canadian ships, and we have ample training facilities for any man who requires training. If any man wishes to come to us and ask to be trained for seamen's examinations, we shall have no difficulty in providing him with educational facilities. As I said, we are quite willing to extend these facilities to wherever the need may arise. We are endeavouring to do so at the present time in British Columbia, and have arranged to do so at the southern end of Nova Scotia, and we are prepared to continue this work if required. Obviously it is not wise to provide educational facilities in advance of the demand for the use of them.

Mr. THOMPSON: What qualifications have the men who apply for positions as sailors? What are their ages?

Mr. HOWE: Any boy with an ordinary high school education may enter one of these schools. Of course, he cannot obtain a certificate until he is twenty-one years of age, and has served two years at sea.

Mr. BENNETT: Quite; it is the sea service which counts.

Mr. HOWE: Yes, the sea service counts on the certificate, but he may enter the school if he has an ordinary high school education.

Mr. BENNETT: A large number of the boys in orphanage institutions are trained in this way.

Mr. HOWE: Yes.

Mr. CLARKE (Rosedale): Why has the expenditure in connection with telegraph and telephonic communications increased by over 100 per cent. There has been an increase from $500 to $1,180, and I should like to know the reason?

Mr. HOWE: I am told that again the increase arises out of the new shipping act. There are a great many new regulations, and the inspectors at outlying points have to telephone or telegraph to headquarters for an interpretation. Because of that there has been a considerable increase in communications with respect to the new act, various sections of which have not yet come to the attention of all the inspectors.

Mr. TAYLOR (Nanaimo): May I refer to section 118 of the Canada Shipping Act, which has been amended as to time, and which forms the basis of my complaint. The section reads:

Every British subject who—
(1) served as a master or mate of a foreign-going or home-trade sailing ship of over 75 tons, gross tonnage, before the first day of January, one thousand nine hundred and thirty-one—

And since altered to "one thousand nine hundred and thirty-six.

—for a full period of twelve months within ten years immediately preceding the date of his application for a certificate of service—

And so on. It is quite obvious from this section that the only qualification, so far as time of service is concerned, is that he should have served as a master or mate for a full period of twelve months. It does not indicate what length of time the man should have served at sea before that. That is the weakness in the drafting of the section. Deep-sea men have to serve a certain apprenticeship; they have to serve so long before the mast, so long as second mate, and so on, before they can actually qualify for captains' certificates. Why should this weakness be present in the drafting of the act? I tried to draw this matter to the attention of the senate, before the recess, but it was voted down because it had not been dealt with in connection with the issue then before that body. Manifestly the clause is badly drawn, and I would sincerely draw the attention of the minister to the fact that in British Columbia there are approximately six hundred vacancies for seamen. Since the act became effective about 220 certificates have been granted, a number of them to foreign nationals who have become Canadian citizens.

The situation is serious, because masters and mates who otherwise would be enjoying positions on ships are compelled to work as deckhands or to go on relief, when opportunities might be given them to obtain decent employment.

Mr. BENNETT: May I say a word, before the minister speaks?

Mr. HOWE: Yes.

Mr. BENNETT: We had the act before us, as it came from England, and as it had been adopted by the imperial parliament and by the parliaments of the several dominions. There arose in every country, as there does in this, the question of those who have served in a capacity seeking recognition of that service in terms of their then employment. For instance, when the lawyers of the country first set up their organizations it was sometimes provided that if a man had been practising law for a period of years he might be entered on the register. That was so in the North-west Territories, when we first organized the law society. Provisions were made in the same way with respect to certain types of dentists.

With respect to masters and mates, to which this is limited, there had to be evidence that during a period of ten years preceding the date of the application, which could not be made after 1931—and subsequently extended to 1936—they had actually served—and the word that governs is "served"—either as masters or mates. If they had served as masters for a period of years, it was assumed that they were qualified to serve as such in a ship of seventy-five tons and therefore they got a certificate of service. If they had served as mates, it was assumed that they had gone through the various grades that qualified them to serve as mates; otherwise they would not be employed as such. They also got certificates of service.

I must say that when the act was under consideration by the former government, this was one of the clauses which gave me great concern. The minister by his amending legislation extended the time from 1931 to 1936. It is true the act was not in force until it was proclaimed and it was not proclaimed during the whole of those five years. Nevertheless, the time was extended. The minister has pointed out that no great hardship could possibly arise, although I have always had grave doubts about this type of legislation.

It cannot affect the evil the hon. member for Nanaimo has referred to; for the simple and obvious reason that if a man had served as a master for twelve months he must have been qualified to act as such. If he was not qualified, he had no right to be a master. It is idle to think that he got a certificate of service without having had a seaman's experience. He had risen to the rank of master or mate, and having risen to that rank he received a certificate saying that he had served and as such was recognized. I may say to the hon. member for Nanaimo that it

is a recognition of having attained a position, the duties of which he is fulfilling. A man should be entitled to a certificate of service indicating that he had satisfactorily discharged his duties either as mate or master. On that basis he should get a certificate, and not otherwise.

Mr. TAYLOR (Nanaimo): I am quite prepared to agree with what my right hon. friend has said as to the desirability of enabling masters and mates who had served for long periods before the shipping act was brought into full effect to obtain certificates. This practice has been carried on since 1906, and surely the time has long expired when the service certificate should be regarded as a necessary part of the act. Under the earlier acts the situation was different from what it is under the recent act and its amendment, in that a reduction has been made to a period of ten years. Certificates are granted in this period; otherwise they are granted only after a service of so many years for each qualification. Manifestly it should be the same in the act. The act should state definitely that during the course of ten years an applicant intending to apply for a master's or mate's certificate should show so many years of sea service. That is a reasonable stipulation which should be in the act. To assume something that is not in the act indicates poor draughtsmanship.

Mr. HOWE: He must have served his time prior to 1936. That is, he must have had his year's service at that time as master or mate to qualify him at any time subsequently for a service certificate based on that experience. As my right hon. friend has told the committee very clearly, it must be assumed that he was qualified to serve as master or mate when no certificate at all was required for that position. It must be assumed that to attain the position of master or mate a man must have served many years at sea. I do not think any one steps directly into a master's or mate's berth.

Applications for service certificates are dropping very rapidly. In other words, those who were qualified by service prior to 1936 have already obtained their certificates of service. The problem is a disappearing one. As these men drop out of the service, the certificates of service will also disappear. I do not know what would have happened to these men had we not included what is often called a grandfather's clause. This is a clause which stipulates that when new requirements are put in, the men already occupying the positions concerned are automatically granted certificates in the new service. I think this is typical of all new legislation of this type.

Mr. TAYLOR (Nanaimo): You have carried that on for thirty years.

Mr. HOWE: No.

Mr. TAYLOR (Nanaimo): In 1906 there was such a provision.

Mr. HOWE: Under the new act the service must be prior to 1936 and the application must be made within ten years of that date. There is no possibility of a man qualifying after ten years.

Item agreed to.

Life saving service, including rewards for saving life, $47,000.

Mr. CHURCH: Ever since I have been a member of parliament I have been directing the attention of this committee to the discrimination that exists in connection with the life-saving service of this country. If there is one item that should not be reduced, it is this one. The vote was $48,000 last year and it has been reduced to $47,000. Only a small amount of this vote is used in connection with life-saving. As will be seen from the details, an amount of $30,080 is provided for temporary assistance; an amount of $9,925 is provided for board—no life-saving there—an amount of $5,845 is provided for supplies and repairs, and an amount of $550 is provided for sundries. There is not much life-saving in all this.

Toronto is spending twice the amount of this vote on life-saving services. That city has to do practically all the life-saving work needed in central Ontario. I acted for the city as chairman of the harbour board when we took over the life-saving service from the former Minister of Marine and Fisheries, Mr. Hazen. On lake Ontario from Toronto and Hamilton to Cobourg there are only two lifeboats built in 1915, and I doubt if you could get them out of their sheds if anyone was in danger of being drowned. The city of Toronto spent about $35,000,000 on its harbour and the life-saving station at Toronto has to do federal government work. Some $47,000 is provided for this work in the maritime provinces and I doubt if it is half enough. Toronto spends $52,340 for maintenance and equipment, and $20,795 for materials and supplies. I am not objecting to other places getting life-saving services, my argument is that there should be an equality of service and treatment all along this magnificent stretch of navigable waters from the gulf of St. Lawrence, through the St. Lawrence river and our great lakes.

What are the facts? Many calls come in from Muskoka, Georgian bay, lake Simcoe, to the Toronto life-saving crew for assistance. We also receive calls from Georgian bay and many points on lake Huron, and on lake Ontario and its rivers. Many members from maritime constituencies in Ontario know of the conditions that exist on our great lakes during the fall of the year. A situation exists that is not at all creditable to this country which calls itself a nation. Many of the men who serve on the ships that ply the great lakes are equal to those who fought at St. Julien, and yet these men on Canadian ships are forced to sound their sirens to call United States life-saving crews to come to their assistance when they are in danger in the late fall—a fine toast to Canadian nationhood. It is not fair to these men who are advancing our grain crop to the seaboard by water to be without proper aids to navigation, and as one of the representatives of the city of Toronto I protest. I am sent here to find out something about this vote. The city of Toronto pays $96,000 a year to give a life-saving service to the province. Calls come in from as far away as North Bay for this service; the city has sometimes to transport by flat car not only a life-saving boat but skilled men to handle it, and the service is maintained all the year around.

The minister is in charge of all the navigation laws of the country. You have a large number of steamers on the great lakes. There was a boat attached to Amherstburg near Windsor, which the captain had to run into a bank or twelve hundred people would have been drowned two years ago. At the entrance of the Niagara river, for instance, there is a large sand bar five or six miles long. I was on board the boat going to the Niagara camp with the 74th or the 75th battalion, and in a wind storm the ship ran right on this sand bar and was there for the best part of a day. If an accident happens, all you can do is to sound your whistle to get the Toronto life-saving station. The city of Toronto is providing this whole service for the province, and at a time when the government is taking revenues away from the municipalities. The sum of $100,000—that is what it is with summer beach extra protection—of the taxpayers' money of the city of Toronto has to be spent to maintain this service and train these men to act as a life-saving crew. That is something which the federal government should do of its own volition, because by the British North America Act navigation is a federal responsibility. We heard in a debate in this house the other day that human life is not held sacred on the land; and on the water there is no chance at all. We have absolutely no life-saving station maintained by the federal government for the protection of the steamers or the merchant marine on the great lakes, and in case of accident all they have to depend upon is some life-preservers and a few old rowboats, and investigations that were conducted showed that the rowboats could not be got out in time, and that some crews received no proper drills. The time is coming, Mr. Chairman, when the municipalities cannot stand this any longer. Toronto has had to spend $51,000,000 on relief, and we should have relief from this item of $96,000 which the city of Toronto is spending on its life-saving service for the benefit of the province. I think this government should give Toronto $50,000 towards the work it is doing. The life-saving crew of the Toronto station has been called to many different places. In front of the summer cottage of one of my colleagues from Toronto who is not present at the moment there was an accident not long ago in which five or six people were in peril, and they had to send to the Toronto life-saving station for dragging irons to get these poor people out.

Members of parliament have been criticized by a section of the press for being decadent, but I say that the House of Commons is no more decadent than the public press has been of recent years, and if there is no public press to bring this and other matters to the attention of the government, it is the duty of a private member of parliament to do it. That is why I am bringing it to the attention of the responsible minister who is administering this trust, and a very sacred trust it is. I would not want to travel on some of the boats that are under the control of the minister. There are two boats going to Port Dalhousie at the present time. I was on one of them once, and I would not say it is safe; I have not been on it again.

I did not know this item was coming up to-night or I could have read in detail what the Toronto life-saving station is doing. It is doing federal work. Navigation is under the exclusive jurisdiction of the parliament of Canada by the British North America Act. I do not object to the maritimes getting votes for navigation because they are entitled to them, and they have been getting only pin-money in many ways for a maritime province, but I do urge the minister to do something for the only modern life-saving station on the lakes at Toronto, and in Ontario and for aids to life-saving and navigation in the late

fall. They are called all over the province. Look what is being done around the Detroit river! They call on the war department of the United States, which maintains large stations and fast boats on the lakes winter and summer, and I venture to say that the insurance on our Canadian ships in the fall of the year would be much greater if the insurance companies did not depend on the United States life-saving stations to do the duty which Canada should have done. It is a fine commentary on Canada being a nation and on the talk and chatter at banquets of such a claim while brave sailors are drowned!

Mr. HOWE: My hon. friend is very fond of saying what Toronto does in life-saving. It is true that in Toronto harbour there are several fast motor boats that have to do with the safety of life in Toronto harbour, but their work is chiefly that of life-saving crews at beaches and attendants at swimming pools. Incidentally that is conducted not by the city of Toronto but by the Toronto harbour commission, which is responsible in a measure to the department we are now discussing.

I hold no great brief for the service provided by the Department of Transport, but I am tired of hearing so much about our great dependence upon the United States service, and how great a service it is. As a matter of fact, the worst marine disaster on the great lakes within two years occurred at the entrance to Cleveland harbour, when the Sand Merchant went down, and I did not hear of any great rescue there.

The fact of the matter is—and we recognize it in the department—that the service we are discussing was designed for the days of wooden ships, and to-day, with all the aids to navigation, with wireless and wireless telephone on the boats, the service is not the type of service that is of any particular merit as an aid in the protection of life on the great lakes. During the past year we have had an extensive study made of the whole situation, and the report, I am told, is about ready for us. It will mean in my opinion either that we abandon the service altogether or that we put in modern mechanized equipment which will be able to cope with the type of disaster which we have at the present time. But in the meantime the service we are maintaining is actually the same service that has been maintained for at least fifty years, and longer, I assume, in this dominion. All I can say is that when these estimates come up next year we shall have new recommendations to make concerning this item.

[Mr. Church.]

Mr. CHURCH: I am surprised that the minister knows so little about the case of the city of Toronto. I was chairman of the board of control and one of the harbour commission when we took over this work in 1916, and I can tell the minister that the city of Toronto gives $96,000 to the harbour board for this particular work instead of the city doing the work itself. This $96,000 is the taxpayers' money of the city of Toronto, earmarked for this purpose. The harbour board have no revenue as such. The amount is $73,135 for 1938, but with extra work done it is $96,000. All the revenue they get comes from the city of Toronto, and this whole amount of $96,000 is paid by the taxpayers of the city of Toronto to its trustee board, the harbour board. That is the fact, and it cannot be disputed.

The minister need not be sick and tired of hearing about Toronto. The city is also sick of the unjust treatment it receives. Toronto is entitled to a fair show from this house and from the minister. The minister need not be sick of Toronto. Toronto, I can tell the minister, is the largest tax-paying city in Canada, and this government is collecting $40,000,000 in income tax from that city, and in all $90,000,000 of revenue, while we get nothing. I am sick and tired of hearing the minister make statements like he did a moment ago when he said that it was not the city of Toronto but the harbour board that was paying the $96,000. What the minister said is not a fact. And he need not be sick of Toronto. The city of Toronto is sick of the kind of treatment it is getting from this department. Facilities are provided all over the country at the expense of the government; there are airports throughout the country so established. But in the case of Toronto the same treatment is not given. I do not like to bring these matters up; but when Toronto, the city I represent, is attacked by the minister, I am bound to reply. I want justice and fair dealing. I was sent here to represent that city, and I can tell the minister that Toronto is the only city which gave a grant in connection with a viaduct that cost $30,000,000. We have three or four mills of our tax rate for purely federal burdens.

The minister need not be sick of Toronto; he may be sick of me, but he will be far more sick later on if he continues along the line he is now going. I repeat, we are entitled to some consideration. The minister is a gentleman for whom I have a great deal of respect, and I tell him that the city of Toronto is not being fairly treated. The morgue in Toronto is full of outsiders; for whenever there is any drowning fatality life-saving crews are

sent out by the city all over central Ontario. They are sent to North Bay, Nipissing, lake Simcoe, Georgian bay, lake Huron, all over lake Ontario and to the lake Simcoe district ports. Why should the city pay for these federal services? Navigation and shipping and aids to navigation including life-saving are all, under the British North America Act, part of the duties and functions of the dominion government. I see my young friend the hon. member for Trinity here to-night. He goes out yachting sometimes and he knows something of the work of these life-saving crews. As a yachtsman he will agree with everything I say.

I do not wish to delay this vote; far from it; but I do want to see some protection provided for those using the ferry boat and the Niagara and other lake boats. One serious accident happened to a boat at Brockville the year before last. I want to see these people on the lakes given some protection, but under our present laws they have none. What is the $47,000 for? It is for temporary service, but I doubt whether one man will be saved as a result of it. Did the coastal trade get any of it? Did Hamilton, Cobourg and other cities and towns benefit? I do not see the hon. member for Muskoka-Ontario here, but I know that up in Muskoka there are no life-saving stations. When anyone is drowned they have to telephone to Toronto for a crew with grappling irons and life-saving equipment. Well, if that is all the life-saving the department is doing, I can tell the minister that however sick he may be of Toronto he will be very much more sick at the next election, and will need all the life-savers he can get.

Mr. BENNETT: Is there not already in our law a provision by which all sea-going ships carrying passengers are inspected, (a) as to the boilers, and, (b) as to equipment, including life-saving apparatus, life-boats, life-rafts, and life-belts? That part of it, I understand, is in another vote and is cared for by the branch of the department formerly known as the Department of Marine and Fisheries. What the hon. member (Mr. Church) is dealing with is rather more important than the minister would indicate. He is dealing with the question of loss of life on the great lakes in ships that are not always subject to investigation and control by our own people, that is, ships which are cast up against the shores of our own country, sometimes with consequent loss of life. He has been suggesting that we should make provision for a fund to do the work which, unfortunately, he finds that the city of Toronto has to do at expense it can ill afford. There is something in that argument. We should justly and fairly be required to make some financial provision for the safety of people and for the care of those who may be wrecked. But there has been at times, in all countries and under all circumstances, laxity in connection with inspection. The minister will recall the terrible disaster, with tremendous loss of life, that befell a certain ship which went out from New York. That tragedy occurred between New York and Cuba. There are other ships which I shall not mention by name, inasmuch as it might reflect upon the lines owning them. The same thing has happened on the great lakes. The minister referred to a ship that was not on the Canadian register.

Mr. HOWE: The Sand Merchant was on the Canadian register.

Mr. BENNETT: I thought she was on our register. She was wrecked in United States waters?

Mr. HOWE: Yes.

Mr. BENNETT: I thought she was on their register as well. I am in error as to that. As far as I could read, that ship had apparently been inspected. Was there any laxity in the matter of inspection, or was the accident one of the inevitable consequences of a storm or, shall I say, of an ill-directed course? Was there laxity in the inspection of her boilers and equipment and matters of that kind? That is the question to which the hon. member is directing attention, and properly so. The investigations into the accident that happened to the ship which was lost off the Atlantic coast between New York and Cuba, and the accident that overtook the United States vessel lost near Asbury Park, New Jersey, disclosed lack of discipline in one case, and in both cases some laxity in inspection. In connection with the Sand Merchant, was anything disclosed that indicated that we had failed in the discharge of our duty in the testing of boilers, equipment, lights and all the other factors that go to make up the safety of a ship? Was she certificated when she should not have been? Was she given a certificate of fitness which she should not have had? Those are proper questions, and I think the minister will agree that there is a duty cast upon the nation rather than upon municipal institutions to bear the cost that may be involved in connection with matters of this kind.

Mr. HOWE: I did not understand that the hon. member for Broadview was referring to the inspection of ships.

Mr. BENNETT: He was discussing the whole question of safety.

Mr. HOWE: Our inspection service is equal to the British service, which is supposed to be the best in the world, and it is quite rigid. As a matter of fact, in the case of the Sand Merchant the inspection was made about three months before the disaster. Nearly everyone in the ship was lost; it is therefore hard to know what happened, but it must have been some unusual disaster of the sea. I have the finding of the court here if my right hon. friend wants to have it.

Mr. BENNETT: Just the sense of it.

Mr. HOWE: The court found that the loss of the Sand Merchant was due to the shifting of the cargo of sand, and that the loss of life must be laid to the first, and, to a lesser degree, the second officers, who were over-confident and not sufficiently alert in obeying the master's orders to get the life-boats out and the crew aboard. The court exonerates the master from blame but considers that he should be warned, and that he is open to censure for failing to have life-boat drill aboard his vessel, and for permitting an unauthorized person to be on board. The operators of the vessel were held to be without blame.

Mr. BENNETT: It comes down perhaps to a question of proper stevedoring of the sand.

Mr. HOWE: Yes; apparently they were too confident; they did not realize the roughness of the sea, and did not stow their sand properly. Of course the municipal bathing beaches are the responsibility of the municipalities. The Toronto harbour commission's expenses are paid in part by shipping. The commission looks after the safety of shipping, and the city contributes to the cost of life-guards on the beaches and purely municipal services. However, as I said, this particular vote is to maintain life-boats and life-saving stations at certain points on the Atlantic and Pacific coasts and the great lakes. The type of equipment used, the service generally, is in our opinion not in tune with modern requirements. We have been studying the situation for some months, we hope to arrive at a conclusion which we can present to the committee when the estimates come up next year. It will mean either a largely increased vote or the abolition of the vote altogether. In other words we believe that the present service is very little better than no service at all, and unless we can find a way of putting on a first class service we may ask to abolish it.

[Mr. Howe.]

Mr. LENNARD: I feel that I should rise in defence of the Toronto life-saving station. The minister stated that their principal occupation was to look after swimming pools and harbour patrol work—

Mr. HOWE: Pardon me; I have been misquoted so often as to what I said about Toronto that I should like to correct that statement. I said the city paid for that portion.

Mr. LENNARD: Well, I myself on one occasion with a companion was rescued by a patrol boat some three miles out in lake Ontario, and I was glad to see them come along. Someone might say it is too bad they came; however I am here and I appreciated it.

Mr. NEILL: I hope the minister does not indicate that he proposes to abolish the life-saving service entirely on the Pacific coast. Reorganization might be necessary, but to do away with it would be a retrograde step. At present service is given on the west coast of Vancouver island by two life-saving stations operating small gasoline life-boats. It might be that some improvement could be made in the service. I have heard it suggested that it might be advantageous to put on a larger boat which would patrol the whole coast and be always on the water, with wireless equipment so as to be readily available at any point. To compensate to some extent for the increased cost it might be equipped so that, especially in summer time when the life-saving work would not be excessive, it could handle some minor duties, such as serving the lighthouses; because that work is always increasing. Hardly a month goes by that there is not a demand for another light somewhere, which all means additional work for the already overdriven tenders, the Estevan, and I think the Alberni, to serve these lighthouses. And there is the yearly replacement of the acetylene in the fixed lights, where there is no guardian at all, which might be done by a smaller boat as a sort of auxiliary. In that way it might be possible to relieve the pressure on the lighthouse service and still maintain the life-saving phase. It would be unfortunate if the minister undertook to abandon that.

Mr. HOWE: As my hon. friend knows, that very matter is under consideration. As a matter of fact, the present small life-boats do some of the services to the lighthouses, and we are examining into the possibility of putting on a modern high speed lifeboat,

which at the same time could do a certain amount of the work the hon. member has suggested.

Mr. NEILL: I did not mention that these present small boats, while they are all right for going out to small fishing boats, would be of no use for a larger boat, whereas a bigger boat might do the service I have indicated and perhaps be the means of saving a big ship some day with quite a number of people on board.

Item agreed to.

Marine signal service, $96,000.

Mr. PELLETIER: I fancy this item would include the buoys we see in the ship channels. At present the department's ships are busy setting out the buoys in the St. Lawrence; in fact, I believe the job is now finished. Anchors or sinkers are used to hold these buoys in place. Would the minister tell us what happens to those sinkers, where they are manufactured, the number he gets from year to year, the use they are put to, if any, after they are taken out of the St. Lawrence, how many are lost, and matters of that kind? They are made of cast-iron, weighing two, four, six or eight tons, and it seems incredible that they would wear out in a short time.

Mr. HOWE: I am sorry to discourage my hon. friend, but we have not come to his item yet. The signal service under this item is an observation and telegraphic service extending from Cape Race and the straits of Belle Isle up the St. Lawrence and through the great lakes as far as Sault Ste. Marie. The purpose of the service is to report ships, give their position, and the position of ice, and to report any undue disturbance. It is more or less used by the services along the river, such as dredging, and receiving and sending out weather reports. It is the news service of the shipping lanes from Newfoundland to the head of the lakes.

Mr. PELLETIER: I am not disappointed; I am extremely patient. I naturally concluded that "marine signal service" would have something to do with the markers or buoys in the St. Lawrence, to guide ships in the river channel. However, I shall ask the question again when the proper item comes.

Mr. TUSTIN: In connection with this item I notice an amount for telegrams and telephones, some $5,500 increase. What is this huge item for?

Mr. HOWE: The telegraph is part of the service, extending it to the branches of the signal service stations, and wireless to ships. The increase this year is due to the increase in shipping. We have the operators' salaries, $48,000, and then the telegraph and telephone lines we lease from existing companies; that is, the service is sent over their wires.

Item agreed to.

Administration of pilotage, $125,904.

Mr. BENNETT: What happened to the litigation that was pending in Quebec, an action over the dismissal of pilots?

Mr. HOWE: I am told that it is on appeal to the exchequer court.

Mr. BENNETT: Has the case been tried?

Mr. HOWE: I am told that it was tried last week.

Mr. BENNETT: Was judgment given?

Mr. HOWE: No.

Item agreed to.

To provide subsidies for wrecking plants—Quebec and British Columbia, $45,000.

Mr. JOHNSTON (Bow River): What are these wrecking plants? What work do they do?

Mr. HOWE: There are two items, one of $15,000 for the west coast and one of $30,000 for the gulf of St. Lawrence. The company on the east coast is a subsidiary of the Canadian Pacific railway. The company maintains two wrecking tugs with all equipment and keeps them available exclusively for assistance to ships in distress.

Mr. JOHNSTON (Bow River): They have nothing to do with salvaging ships; or when a boat becomes obsolete do they take it apart and save the good material and throw away the rest?

Mr. HOWE: No; the service is simply for boats in distress. If a boat runs aground, the salvage tugs go and take the boat off the sand. If a boat is sunk, the salvage tugs will raise it and tow it to the nearest dry dock?

Mr. NEILL: Why not call it a salvage plant?

Mr. HOWE: That is exactly what it is.

Mr. JOHNSTON (Bow River): It is not really a wrecking plant?

Mr. HOWE: No; more of a salvage plant.

Mr. LENNARD: Is the government recompensed by the insurance companies at times for that work?

Mr. HOWE: We simply subsidize the service; there is no recompense to it. The service of course costs several hundred thousand dollars to maintain. The boats are insured, and if there is plenty of work of course the salvage company is well paid by the insurance companies for the work they do, but the river receives a lower insurance rate by virtue of having this salvage equipment available. In some years there are very few wrecks, and the companies are out of pocket. This service is provided, however, and the government has found it desirable to subsidize it in these two cases.

Item agreed to

Aids to navigation—construction, maintenance and supervision of aids to navigation, including salaries and allowances to lightkeepers, $1,897,785.

Mr. TUSTIN: I notice there are a great many lightkeepers under this item. In the class of lightkeepers, grade 3, I find one at $2,090 and another at $977.50. Why is there such a difference in the salaries of these two men when they are both in the same class?

Mr. HOWE: Would my hon. friend say what station he refers to? I find it a little hard to follow him.

Mr. TUSTIN: Under this item there are sixty-three lightkeepers, class 3; one at $2,090; forty-three at $2,040; one at $1,995; eight at $1,935; three at $1,920; five at $1,860; one at $1,062.50 and one at $977.50. That is on page 222 of the estimates.

Mr. HOWE: The explanation is that at some stations the lightkeeper is required to pay his own assistants, and in some cases he has two. The lower salary is for an assistant lightkeeper paid by the department.

Mr. TUSTIN: And this man who received $2,090 pays the assistant who helps him. Is that it?

Mr. HOWE: Yes; he pays his assistant out of his own money.

Mr. PELLETIER: I suppose the question I asked a moment ago would come under this item. I notice that on materials and supplies there was an expenditure of $390,500, and $48,000 for contracts. How much is spent by the department each year for sinkers to hold the buoys in place in the St. Lawrence ship channel?

Mr. HOWE: I believe about $10,000 to $15,000 a year is spent in replacing the anchors for the buoys. The anchors are chiefly lost in the stretch of the St. Lawrence between Montreal and Quebec, where a winter buoy service is required. The ice movement occasionally shears away the buoy from the anchor. We try to recover such anchors, and do recover a number of them, but each year we find ourselves short a number of anchors, which we have to purchase.

Mr. PELLETIER: Undoubtedly there is some loss from year to year through causes beyond the control of the department, but it seems to me that some care should be exercised to see that these costly items of equipment should be looked after as well as possible. As I mentioned to the minister, they are things that could not possibly wear out within a short space of time. They are immense cast-iron blocks weighing from two to eight tons each, and that they might wear out is something beyond belief. Where are these articles purchased; how much do they cost each and is this work let by contract? I should like to know also whether the government at one time possessed the equipment necessary to produce these articles.

Mr. HOWE: There orders are always placed by tender. These articles are made chiefly at Quebec and Sorel, where there are three firms who make a business of this sort of thing. They cost within a fraction either way of three cents a pound, and the contracts are always let to the lowest tenderer. They were never made at Sorel shipyard. The government shipyard has no foundry for casting articles of this kind.

Mr. BENNETT: Are they not wrought iron rather than cast-iron? Good anchors are always wrought iron, I understand.

Mr. HOWE: My officers say they are just cast-iron, with only few exceptions.

Mr. TUSTIN: One of the greatest increases is in connection with temporary assistance. There is an increase from $466,324.25 to $581,546.27. Why should there be such a heavy increase?

Mr. HOWE: Because there is a large amount of repair work carried on, and that work is increasing. We have about 2,000 lighthouses, many of which include a dwelling, and it is inevitable that repair work must be done as the lighthouses get older. For this work we use temporary crews during the summer months.

Mr. TAYLOR (Nanaimo): What increased lighting facilities have been granted on the Pacific coast?

Mr. HOWE: Does the hon. member refer to lighthouses or lights on wharves?

Mr. TAYLOR (Nanaimo): I am speaking generally, and include the lighting of beacons, buoys along ship channels, and so on. Has anything been done to render more perfect the marking of ship channels?

Mr. HOWE: The lighthouse board met three months ago and a number of recommendations were made, the larger portion of which were for the Pacific coast. There is a provision in the item for those beacons. I have not the details as to just what lights have been provided, but I know there are a number for the west coast.

Mr. TAYLOR (Nanaimo): I drew the attention of the minister and his department to the necessity of a light at Sidney wharf, but apparently the lighthouse board considered it was not necessary. I then drew the attention of the director of marine services to subsection 2 of section 471 of the Canada Shipping Act, which reads as follows:

> The owner or occupier of every dock, wharf or landing place at which passengers are put on shore or taken on board, shall also, at night, cause to be shown conspicuously on such dock, wharf or landing place, at every angle or turn thereof, during the whole of the time that any such ship is approaching, or alongside, good and sufficient lights.

That appeared to me to be a direct charge on the lighthouse board to recognize the fact that Sidney wharf required a light. Is there provision in the estimates for such lighting? I ask the question, because when I made inquiries about two months ago I received the reply that it had been referred to the legal department. I know that delays may be serious, but surely it should not take two months to find out whether or not the section applies to Sidney wharf. Has provision been made for lighting that wharf?

Mr. HOWE: When a legal point is placed before the department we like to know whether or not it is well taken. The hon. member approached the department with the suggestion that the clause was mandatory, and that a light must be placed at the point he indicated. The opinion of the Department of Justice is that the clause is not mandatory.

Of course, the point the hon. member has raised has no relation to the vote we are discussing. I suggest it comes under the item dealing with government wharves, and has nothing to do with the lighthouse board. Whether or not we light a wharf depends entirely upon the revenue derived therefrom. If in our opinion the revenue is sufficient to justify a light, we make provision therefor. In the case of Sidney wharf may I say we have made arrangements whereby the two companies using the wharf shall pay part of the cost and we shall pay the balance. The wharf will be lighted.

Mr. NEILL: Did the minister say the lighthouse board met three weeks ago?

Mr. HOWE: In January, I think.

Mr. NEILL: I was under the impression it met only in January.

Mr. HOWE: That is correct.

Mr. NEILL: It meets once a year?

Mr. HOWE: Yes.

Mr. NEILL: Does not the minister think it might meet twice a year?

Mr. HOWE: It creates quite enough expense at one meeting.

Mr. NEILL: It is a long time between drinks, from January to January.

Mr. LENNARD: I notice there is mention of a shop superintendent; where would he be located?

Mr. HOWE: Each agency has its own shop.

Mr. LENNARD: How many shops are there?

Mr. HOWE: There are a good many of them. There are nine agencies, and each has its own shop.

Mr. LENNARD: Is there only one superintendent? Does he travel from shop to shop?

Mr. HOWE: No; there is one superintendent of lights for each agency.

Mr. LENNARD: There is only one mentioned in the estimate, and the provision is for $1,800.

Mr. HOWE: Yes; that is at Quebec. We have a large shop at that point, and this is a new position which has recently been created. As a rule the superintendent of lights has charge of the shops.

Mr. LOCKHART: I notice in the item a considerable reduction in the number of men. I thought the service along the waterways would be more or less permanent, and I am wondering why the reduction in numbers should take place—a condition which is tragic at this time, when unemployment is a big question. What is the explanation for the reduction?

Mr. HOWE: I should be surprised if there is any reduction in the personnel. Where does the hon. member find it?

Mr. LOCKHART: There is a reduction in the total from 711 to 690, and in connection with lightkeepers, class 15, I find a reduction from 60 to 49.

Mr. HOWE: Those are lightkeepers drawing small salaries, and we have changed a number to unwatched or automatic lights.

Mr. PELLETIER: How many sinkers were contracted for in 1935, 1936 and 1937, and to whom were the contracts awarded?

Mr. HOWE: I cannot carry all the information with me, but I shall be pleased to supply it to the hon. member. There are thousands of contracts in the department.

Mr. PELLETIER: I am trying to obtain some idea of how many sinkers are lost each year in the St. Lawrence. I believe the average cost is about $250 or $300 each; they are quite costly: There seems to be a serious loss, from year to year, necessitating new contracts for the replacement of articles which in the usual course of affairs never wear out. Would the department be in a position to make a check-up and to prevent the losses which occur. These are costly pieces of equipment, and I am wondering if the minister or his department could arrive at some figure indicating how many are used from year to year. I am sure he would find that great numbers of them have been lost, and possibly he may find an explanation for the losses.

Mr. HOWE: There are 700 buoys in the Montreal agency alone, on the St. Lawrence river and I suppose approximately the same number in the Quebec agency. We lose about forty a year, and the expense runs about an average of $10,000 a year. We do not deliberately try to lose them. Generally the buoys are sheered away by the ice. We have winter buoys all the way from Montreal harbour to below Quebec, which are required for the use of the ice-breakers. With the shifting ice, occasionally a buoy will be ripped away from its mooring chain.

Mr. PELLETIER: Undoubtedly the minister has a report in connection with this costly equipment, showing when these buoys were lost. I know the minister is always careful with the equipment under his care, which after all is the property of the Canadian taxpayer, and he should be in a position to tell us exactly how these things occur. Who makes the report? Who takes care of these things? They are worth money, and they should be considered by the department in exactly the same light as the Minister of Finance would consider the dollars under the control of his department. I believe the minister must have at his disposal a ready reckoner to show exactly how, when and where each of these things were lost. If the minister cares to go over the figures and give them to us later on, I am sure an opportunity will develop to tell the people exactly how these things are done. It may result in saving the Canadian taxpayer a vast amount of money now being spent for sinkers which in the ordinary course of events could not possibly wear out.

Mr. HOWE: If my hon. friend cares to visit the department he will find a record of every sinker, as he calls them, that has been lost for many years past. I shall be glad to get an accurate record for several years back if he desires it. When a buoy breaks loose, a record is made. If the anchor is later salvaged, that is also reported. This information is available.

Mr. CLARKE (Rosedale): I notice there is a considerable increase in the vote for stationery and printing. Last year the vote was $3,000, while this year it has been increased to $5,500. What is the explanation for this increase?

Mr. HOWE: In the former estimates there was a general departmental vote for stationery, but now each separate item has to carry its own stationery cost. The increase in this vote is due partly to the reorganization of the service with an accompanying change in the forms. An expert was brought in to revise all our forms, and the number of forms has been cut down to about one-quarter of what it was. By making each item carry its own stationery, a closer check is kept.

Item agreed to.

Steamboat inspection and the carrying out of the provisions of the conventions for the safety of life at sea and load lines, $185,310.

Mr. TUSTIN: How much revenue is obtained under this item?

Mr. HOWE: In 1937-38 the revenue was $120,000, and we estimate it will be about the same this year.

Mr. TUSTIN: What is the fee charged? I have in mind a small ferry boat which plies across the river in my constituency and of

which an inspection is made occasionally. I know a fee is charged, and I should like to know how that charge is arrived at.

Mr. HOWE: There is a long order in council from which I could quote. The annual inspection is covered by statute, and the fees charged are as follows:

	Passenger	Non-passenger
Under 50 tons	$ 20	$ 15
50 to 100 tons	30	25
100 to 150 tons	35	30
150 to 200 tons	40	35
200 to 300 tons	50	45
300 to 500 tons	65	55
500 to 700 tons	90	75
700 to 1,000 tons	130	110
1,000 to 2,000 tons	160	135

Over and above 2,000 tons and up to 10,000 tons a charge of $50 is made for each additional 1,000 tons.

Over and above 10,000 tons, a charge of $10 is made for each additional 1,000 tons.

Mr. LENNARD: How often are these boats inspected?

Mr. HOWE: Annually.

Mr. LENNARD: Are all foreign passenger boats coming into our ports inspected?

Mr. HOWE: Only boats under Canadian registry are inspected.

Mr. LENNARD: Is there no supervision over foreign boats entering our ports as to whether they have been inspected?

Mr. HOWE: If they are passenger boats they carry the inspection certificate of their own country.

Mr. ISNOR: I wonder if I would be in order in asking the minister to revert to item No. 410? This item went through without any questions being asked, and I missed it when I went to my office to procure a memorandum. It appears to me that there is discrimination against the Atlantic coast in connection with these subsidies. A subsidy is paid to a company operating out of Quebec and to another company operating on the Pacific coast. Last year I suggested that in order to provide greater protection on the Atlantic coast a subsidy should be paid in connection with this particular work. There is a large salvage company operating out of Halifax, and I feel that they are under a handicap due to the fact that a subsidy of $30,000 is paid in one case and $15,000 in another to salvage companies operating out of other ports. I should like the minister to give to the committee the conditions under which these two companies operate and explain why these subsidies are paid.

Mr. HOWE: The purpose of the subsidy is to provide salvage service. Nova Scotia has a salvage service. I think there are six companies there altogether, and one of them does more salvage work perhaps than any other company in the dominion. If the service is there already, there is no purpose in a subsidy. If you had no service and came to us and asked for a subsidy, we would lend an ear. But these are very old subsidies. I think probably in the St. Lawrence there is not enough work because it is open only seven months in the year.

Mr. ISNOR: Would the minister give the committee a little information about the service that is given by the company operating out of Quebec? What territory do they cover? Do they go right to the coast of Newfoundland? Have they any particular area to cover?

Mr. HOWE: Under the subsidy they are required to furnish a service in the river and the gulf of St. Lawrence. They are not restricted at all as to how far they can go.

Mr. ISNOR: Their service extends how far in the gulf?

Mr. HOWE: Down to Newfoundland and the strait of Belle Isle.

Mr. ISNOR: It appears to me from the very reason advanced by the minister that a handicap is placed on the company which is operating successfully out of Halifax. I am not advocating that the government should give the company in Halifax a subsidy; but if they can operate successfully, why cannot the company from Quebec stand on its own feet and operate on the same basis? I have known cases where the company from Quebec was obliged to steam 550 odd miles into territory covered by the company operating out of Halifax, and it would take the Quebec boat two and a half days to reach a certain point whereas the boat from Halifax could reach it in one and a half or two days at the most. I think this is also bound to affect the insurance rate and make it work against our coast. I really cannot see why the subsidy should be paid to the Quebec company as against no subsidy on the Atlantic coast.

Mr. HOWE: There is no handicap through lack of service on the Atlantic coast, because your service is as good as any in Canada—perhaps better.

Mr. ISNOR: I think it is.

Mr. HOWE: At one time a subsidy of $70,000 per annum was paid in the gulf of St. Lawrence, but that has been reduced now

to $30,000. Each year we are shown a statement of the operating company and told that the company is losing money, and great pressure is brought to bear for an increase in the subsidy. However, it is the belief of the government that this work should be done without subsidy, and the tendency is therefore downward rather than upward.

Mr. ISNOR: I would ask—

The CHAIRMAN: I must draw the attention of the hon. member to the fact that he is out of order. Item No. 410 was carried fifteen minutes ago, and I would therefore ask him to make his remarks as brief as possible.

Mr. ISNOR: I knew the item had been passed, Mr. Chairman, and I mentioned that myself and asked permission to bring up this subject.

Mr. LOCKHART: I notice that the travelling expenses in connection with the last two or three votes have gone up from 25 to 33 per cent. Is there any particular reason why the travelling expenses should have soared on these boats and remained about the same in the case of the others?

Mr. HOWE: The Canada Shipping Act placed a vast number of boats in the class requiring inspection over what was there before. All the small motor boats have now to be inspected. There has consequently been an increase in the number of the staff and in their work, and they have had to travel to ports where they were never required to go before. It is a very small port that does not require a visit now from an inspector.

Mr. NEILL: I notice on page 224 of the estimates there are three tackle inspectors. Where are they located?

Mr. HOWE: Halifax, Montreal, Vancouver, and there is also one at Alberni, one at Charlottetown and one at Saint John.

Mr. TUSTIN: I notice that the total salaries have gone up $10,000 or more. I understood the minister to say that there was a larger staff, but I notice there are fifty-nine this year and there were fifty-nine last year.

Mr. HOWE: I think my hon. friend will find that when the department was set up provision was made for salaries but the appointments were not made. We have appointed several men this year. I think my hon. friend will find that the amount provided last year was not spent.

Item agreed to.

[Mr. Howe.]

Agencies, salaries and office expenses, $243,910.

Mr. LENNARD: What is the reason for the increase in this item?

Mr. HOWE: There is an increase of $8,868 for restoration of salary deduction; $3,750, statutory and promotional increases; $800, additional amount required for casual help; various small appointments, mostly clerical help, $5,580; sundries, $2,080, or a total of $21,078. Then I am pleased to say there is a decrease of $4,000 for printing and stationery, and a reduction of $2,755 in the salary rate due to the newcomers being appointed at the minimum of the class. That makes a total reduction of $6,755, and a net increase of $14,323.

Mr. LENNARD: What are these agencies?

Mr. HOWE: They are the headquarters of the lighthouse and buoy services. There are nine of them, and they are used as the headquarters of the boats.

Item agreed to.

River St. Lawrence ship channel—contract dredging in the St. Lawrence river and Montreal harbour, and the extension of existing weirs, including cost of administration—capital, $2,933,400.

Mr. MacNICOL: Mr. Chairman, a year ago I asked the minister if he was satisfied as an engineer that the method which had been followed by the department for several years, perhaps many years, of keeping the channel open was the correct way of doing this work. Every year we have an item in the estimates like this, or for double or treble the amount, or a similar item may appear in public works. So that over the years the dredging of the St. Lawrence ship channel has cost the country a vast sum of money.

Last summer when returning up the St. Lawrence I got up early in the morning to have a look at the channel as the ship went up the river. I went on the bridge, having first discussed the matter with the captain and having discussed with him the possibility of the methods that are being followed not being the very best to keep the channel as it should be. It appears that one year the harbour is deepened, and another year the outlets to the harbour are. Apparently what is done is to increase the flow of water out of lake St. Louis into the river. Is that the right way? The harbour continually recedes lower and lower, and as the harbour continues to recede naturally the following year the river has to be dredged again. The question is, where will it end? Are we following the right engineering methods? I am not prepared to say. Are

we following the same engineering methods that are followed in all large rivers such as the Elbe in Germany, the Rhine flowing into the North Sea and the Thames?

I have read of, as I am sure the minister has, and last summer I saw, the plans of a proposed dam across the Thames at London to eliminate this sort of thing, thereby maintaining the level of the water. Has any survey been made of any possible plans to eliminate every year the expenditure of four, five, or six million dollars, more or less in dredging Montreal harbour and east? Certainly anything that can be done to improve the harbour should be done. Anything that can be done to improve that great waterway, one of the greatest in the world, over which there floats more commerce than over a great many of the large rivers of the world, should be done, and I will support anything along that line to provide shipping facilities for the improvement of that harbour. As a Canadian, and like all other Canadians, I am proud of what has been done by this country to increase shipping facilities in that harbour. On the other hand, I am not so sure that we are following the best methods in our attempt to reduce the cost of maintaining those facilities. I asked the same question a year ago. I wonder whether in the meantime the minister has had an opportunity to make a survey in order to find out whether we are following the right methods in constantly dredging and digging the outlet of Montreal harbour, reducing the water level, instead of doing something to maintain it, and eliminating the constant necessity for spending millions in dredging.

Mr. HOWE: In January, 1934, the former government set up an interdepartmental Montreal ship channel water levels board to study this very question that my hon. friend has now brought up. The board spent over three years in making a thorough study of the requirements of the river. The desired result is of course a minimum depth of thirty-five feet at low tide, low water, and a width adequate for the largest type of boats to traverse safely from the ocean to Montreal. The board made a report some months ago. I have that report here and shall be glad to furnish my hon. friend with a copy of it. The decision was that a procedure more or less like that which had been followed is required to complete that work. The report goes into considerable detail with regard to the work required to complete the channel, and it is estimated that a cost of $11,500,000 will be required to obtain an adequate channel of the dimensions that I have just indicated.

Maintenance work on the St. Lawrence is in itself very light. There are only two or three points where silting occurs and where constant maintenance work is required. For a channel of that length, however, the maintenance work in itself is a fairly simple problem. In the actual construction of the channel the work has been going on for a great many years, and if the interdepartmental board is correct we are now approaching the end, so that in the next four or five years we can say to the world that we have a thirty-five foot channel of adequate width from the sea to Montreal; and this capital vote, if not dispensed with entirely, should be reduced to a very small amount.

Mr. MacNICOL: Is the minister satisfied as an engineer that the plans being pursued are the best?

Mr. HOWE: I believe so. As an engineer, I have studied the report thoroughly. I have followed the conclusions of the board. The board was unanimous except for two differing opinions. One expressed the view that not as much work was required as was suggested by the majority, but he did not differ as regards the methods to be followed; with him it is only a question of timing. The view of the other was that the result could be obtained by weirs. He was one out of nine. Personally, I agree with the majority report. I believe that the majority report is sounder in the conclusions it draws from the data available.

Mr. MacNICOL: Then the minister will not support the use of weirs.

Mr. HOWE: No. The majority report does not recommend weirs. We have weirs in the river, but doubt is expressed as to whether they were placed there wisely. We have studied them and have decided to maintain them, but they do increase the current considerably, causing a good deal of scour, and it is a question whether they are justified. There are two opinions as to whether they should not be dredged out and the result accomplished in some other way, but after two years of study we have decided to maintain the weirs we have now in the vicinity of Sorel.

Mr. MacNICOL: Is the channel itself confined so as to increase the speed of the water in order that the speed itself will clean out the channel, somewhat after the method pursued at New Orleans in the Mississippi, or does the St. Lawrence river bed permit of anything of that kind?

Mr. HOWE: The Mississippi flows through alluvial country and acquires a great deal of

silt; the St. Lawrence flows through limestone country and carries very little silt. It is not a case of the river silting. We have nearly completed the thirty-five foot channel. After a thorough study, however, we believe that we know exactly what to do to arrive at the desired result and we are proceeding in that direction. Anything excavated from the bed is being so placed as to compensate the flow; in other words, we try to keep the area of the river constant by placing dredging material in other parts of the stream in order to cut down the area by an equivalent amount.

Mr. MacNICOL: Having finally reached a thirty-five foot channel, which everyone hopes will be as beneficial as the department expects, following that should not some method be adopted, such as conservation of water, say on the Ottawa river, where there are so many excellent places to hold water, so that in the latter part of the season, when the water level in Montreal harbour is generally too low, more water could be poured into the St. Lawrence from the Ottawa to maintain the level in Montreal harbour; so that ocean ships would be able at all times to come up to Montreal instead of having to stop at Quebec or Three Rivers, as they often have to do now? After all, Montreal is our great national port, and anything that can be done should be done to keep it in condition so that ocean going ships of any draft up to whatever it is at present and whatever it is hoped to be—I am not sure whether it is thirty-five feet now all the way to Montreal?

Mr. HOWE: No; it is about thirty-two feet now.

Mr. MacNICOL: I have often thought that if some method were adopted to hold water in the Ottawa river particularly, it might be beneficial to Montreal harbour and shipping in the St. Lawrence.

Mr. STIRLING: Where does the thirty-five foot channel extend to now? At the time of that inquiry, if I remember aright, it was within about 4,000 feet of the bridge.

Mr. HOWE: We have been dredging in Montreal harbour steadily for two years. We have the channel now up to the foot of the canal, and we have deepened the main portion of the harbour, that is between Queen Alexandra pier and the King Edward pier adjoining, to thirty-five feet. There is an area lower down included in this year's program. We are gradually developing ample space at the thirty-five foot depth in Montreal harbour.

[Mr. Howe.]

Mr. STIRLING: Have the piers just referred to been deepened to accord with the thirty-five foot channel?

Mr. HOWE: Yes; both the King Edward and the Queen Alexandra. We have driven cylinders down into the rock beside the piers to the lower depth and cut away the rock beyond. We are just finishing this winter the last phase of the work at the Queen Alexandra pier.

Mr. STIRLING: Where will the contracts in connection with this amount of a couple of million dollars be let? Where will the money be spent this year?

Mr. HOWE: In Montreal harbour, area A, which is down at the lower end of the harbour near the oil tanks, an expenditure of $805,000; in area B, $236,000; in area C, $140,000; in lake St. Peter, the big program, $1,227,432; and the St. Augustine pier, $303,000.

Mr. STIRLING: How is the work measured? Is it measured by results, the depth obtained, or is there some check on the yardage taken out?

Mr. HOWE: The contract work is entirely by place measurement; in other words, the surface is measured and the finished work is measured up.

Mr. ISNOR: This item includes $805,000 for area A; $236,000 for area B, and $140,000 for area C; a total of $1,181,000. In view of the fact that Montreal harbour, like Halifax harbour, now comes under the national harbours board, would the minister tell us whether this amount is chargeable to the operations of the national harbours board, or is it a direct capital charge to the Department of Transport?

Mr. HOWE: This is a capital charge to the Department of Transport. Formerly the dredging in Montreal harbour was, and the maintenance dredging is still, charged as a capital vote against the harbour: but in course of the deepening program from thirty to thirty-five feet the dredging was carried out for a time under the Public Works Construction Act, and is now being carried out as part of the ship channel program. That, however, does not apply to the work in the slips; it applies simply to the main area of the harbour.

Mr. ISNOR: I was anxious to draw this to the attention of the minister, as of course I understand that the harbour dues in the various ports are expected to take care in a measure of the dredging operations in these harbours. I wondered whether there are any

expenditures to amount to anything in connection with the Halifax harbour which would come under an item such as this.

Mr. HOWE: There is neither very much expense in the harbour nor very much contribution to the capital vote. It is short both ways.

Mr. ISNOR: That should be taken into consideration in connection with the harbour tolls. It is hardly fair to a port that requires no expenditure for dredging to be charged the same rates as a harbour which costs one and a half or two millions every year for dredging.

Mr. PELLETIER: In connection with this item it might serve some public interest to review the question of dredging the St. Lawrence channel for some time past. The dredging of the St. Lawrence is not anything new; it began about ninety-one years ago and has been carried on almost continuously since then. As a result of the policy of successive governments to deepen the St. Lawrence channel there grew up a shipyard at Sorel equipped to take care of this kind of work. Now a different policy has been adopted by the government, namely, that in future all dredging will be done by contract. That was a great change in policy. Although I realize that the minister may not be altogther familiar with all that has gone on, because this work has only recently come under his administration, yet he may be in a position to give us complete information as to what prompted the government to adopt this new policy. I remember the minister making a statement in Montreal immediately after the sale of the Sorel shipyard to the effect that this was done because there was not going to be very much more dredging done in the St. Lawrence; but now we discover that there is going to be dredging to the extent of $11,500,000 more before the thirty-five foot channel is completed. So the item is sufficiently large for the minister to make a statement as to the reasons for the change of policy.

Mr. HOWE: The dredging of the St. Lawrence river began in 1844; it has been going on for over ninety years. I could give all the early history—the hon. member says I do not know about that, but just to prove that I do I shall give it if he likes. But if we can skip to more recent times we can get on faster. Up to date there has been spent on the St. Lawrence—

Mr. STEWART: Below Montreal.

Mr. HOWE: Yes, below Montreal. Down to 1929 there had been spent $37,000,000, of which $13,000,000 was spent on the shipyard and plant. The balance was for dredging. In 1929 it was decided to build a thirty-five foot channel, and it was found that the rate of progress in the past required to be speeded up considerably if that thirty-five foot channel was to be provided within a reasonable time. In 1929 a considerable contract was let for dredging.

Mr. LENNARD: What is the amount of that contract in 1929?

Mr. HOWE: Adding it up roughly it appears to be for about six million yards. That was contracted for. In 1934 the contract was extended for an additional four and a half million yards and again in 1935 for another ten and a half million yards, all at the unit prices mentioned in the first contract.

Mr. PELLETIER: Mr. Chairman—

Mr. HOWE: Just a moment; the hon. gentleman wanted the story of this transaction and I am giving it to him. As I say, part of the work of dredging the St. Lawrence consisted of maintaining a shipyard at Sorel for the repair of the government fleet, and the government fleet was an expensive unit. I believe there were some sixteen dredges, six tugs, several coal barges, a quantity of dump scows and the various auxiliary equipment that goes with dredging operations.

I think the Sorel shipyard has been a source of concern to every Minister of Marine who has anything to do with it. The difficulty, of course, was that the shipyard was primarily built to repair one particular fleet of boats. The boats required overhaul in the winter months, and when they were operating they required only casual repairs. The shipyard's main work was to look after this dredging fleet. The result, of course, was that in order to maintain steady employment at the shipyard a number of men had to be maintained in idleness while the dredges were in operation. It is impossible to maintain an efficient operation under those circumstances. As a result of the idleness at the shipyard in the summer months it became a convenient depository for men for whom it was desirable to find employment. It has been estimated by my officers that an efficient crew at the shipyard would consist of about 250 men. The number actually employed fluctuated. I think it was never less than about four hundred even in my time; I never was able to get it below that, and it went as high as nine hundred and at times a thousand men. As a result we were appropriating something over $200,000 each year for the shipyard

generally, and in addition repairs to the dredges were charged against the dredging appropriation. My officers estimated that the repairs to the dredges could have been made at outside points for at least one-third less than the charges at the Sorel shipyard, and it must be remembered that the charges for the work done were in addition to the amount of over $200,000 appropriated each year for the shipyard itself.

So much for the Sorel shipyard. When I came into office the dredging fleet was only twenty-five per cent efficient; in other words, seventy-five per cent of the fleet was tied up or anchored in the stream, entirely useless except for scrap. The twenty-five per cent that we called efficient consisted of dredges of a type no longer efficient for working in a thirty-five foot channel. We had ladder dredges; one of them sank shortly after we sold them. I was afraid it would happen before we got rid of the fleet, but it was not our loss. It was the loss of the buyer; a case of caveat emptor, I think. At any rate we had equipment that was far from efficient for the purpose for which it was to be used. Analysis of the dredging costs indicated that forgetting all about the repair bill the cost of a yard of contract dredging was considerably less than the cost of a yard of dredging with our own crews and equipment. It was necessary for me to examine the situation to see what was to be done. Should we buy new equipment; should we repair the existing equipment; should we attempt to modernize some of the dredges that we had, or should we dispose of the outfit and carry on by contract dredging? In arriving at a conclusion I had to keep in mind the report of the departmental board that about another eleven and a half million dollars of expenditure would complete the thirty-five foot channel for all time, except for small maintenance expenditures.

It seemed to me that the course was clear. If we carried on with the fleet we had, at the end of the eleven and a half million dollar program we would have a fleet and a shipyard with no work to be done. The capital cost of modernizing the equipment seemed out of proportion to the amount of work that equipment would have to do, for eleven and a half million dollars is not a very big program as dredging programs go. It seemed to me that we should dispose of that shipyard and dredging plant while we had a little leverage in the way of contract work to help the sale along. I took the responsibility as to procedure, and I might say that I had the advantage of some little background that I thought entitled me to handle a transaction of that kind. All my life has been spent in the construction business, and the last twenty-five years have been spent in negotiating and awarding contracts having to do with the construction industry. I have considerable knowledge of dredging work, because from time to time during the period of my professional practice I have been associated with projects requiring a good deal of dredging. For that reason I took on the work of handling this transaction.

My first step was to obtain the valuation of the assets, and for that purpose I retained the Canadian Appraisal Company, the largest and, I believe, one of the most reliable appraisal companies in Canada, to make an appraisal of the property, comprising the dredging fleet and the shipyard, with the exception of such parts of the property as we decided to retain for maintenance purposes. An appraisal was made, and a valuation placed on each item.

I then considered where we could find a buyer. There were a good many problems in that connection, the chief one being the maintenance of labour. Naturally we had a large number of men employed at the Sorel shipyards, and a considerable number employed on the St. Lawrence fleet, and when seeking a buyer it was necessary to keep in mind the continuity of the employment of those men. The main contractor for dredging work on the St. Lawrence, since its inception, has been General Dredging Contractors Limited, with headquarters at Sorel. However, the work has been too large for any one firm, and this company has associated with it the Canadian Dredging and Dock Company and J. P. Porter and Sons, Limited, the three companies I believe owning about two-thirds of all dredging equipment in Canada, and having the greater part of that dredging equipment engaged in the deepening work in the St. Lawrence river.

It appeared to me that these were the only firms capable of undertaking a project of this size, or having equipment suitable to carry out the work. The fact that the General Dredging Contractors Limited had headquarters at Sorel, where the shipyard was located, and also operated a shipyard at that point which could merge with operation of the government plan, and work out a program for maintaining the level of employment in Sorel, indicated to me that General Dredging Contractors Limited were the people who should buy this property. I approached them on the subject and found them at first extremely reluctant to enter into the trans-

action. However, I was determined that this was the time to sell the property, and I urged them to consider the matter.

The negotiations extended over two or three months. Of course the appraisal made by the Canadian Appraisal Company was the basis for negotiations. Finally we arrived at a price which was about seventy-nine per cent of the value the Canadian Appraisal Company had put on the property. The leverage I used on the contractor to work out the contract was the fact that if this could be worked out we were in a position to award the balance of the dredging.

The method of awarding the dredging contract may be questioned. I believe that there again we used every safeguard and exercised the best business judgment. The first contract for dredging the St. Lawrence was awarded in 1930 to the lowest tenderers, tenders having been called for in 1929. The lowest tenderer had associated with him his two greatest competitors. So that the three principal dredging companies in Canada were working on the dredging of the St. Lawrence at prices which represented the lowest tender in 1929.

Mr. BENNETT: What were the prices?

Mr. HOWE: There is a long range of prices, which I shall give.

Mr. JOHNSTON (Bow River): Were they all put out by tender?

Mr. HOWE: Yes; all by tender in 1929.

Mr. JOHNSTON (Bow River): And the lowest one taken?

Mr. HOWE: The tender was for the whole work; you cannot split a job of that kind. Loose rock and shale were put in. The prices have relation to location, as well as to the nature of the material. Reading from the 1929 contract I find the following information:

Approximate quantities in cubic yards place measurement	Name of location	Solid rock rate per each cubic yard	Loose rock rate
549,518	Longueuil shoal	$8.80	$0.90
209,524	Montreal east	8.00	.50
190,199	Batture Perron	8.00	.60
304,446	Batiscan curve	8.00	.50

The table continues to give further information for the different projects. The work covered by the 1930 contract had been completed in 1934, and the then government extended the contract at the same unit price for a further six million yards. In 1935 the contract was again extended at the same unit price, and that contract is in effect up to the present time. We have not yet started work on the new contract.

Meantime the interdepartmental board of engineers had studied the new program and had analysed costs. The costs they recommended in many cases were lower and in no case greater than the unit price of the existing contract. The contract for the balance was made at or below the figures recommended in the engineers' report. In a few cases we were able to get a price somewhat below that indicated in the report of the interdepartmental engineers for each particular section. In no cases were the prices higher than those recommended in the report.

The result was that we sold our shipyard for seventy-nine per cent of the appraised value. We awarded the contract for the balance of the material either at prices recommended by the interdepartmental board or at prices lower than those mentioned in the report of that board.

Mr. JOHNSTON (Bow River): Those contracts were let out by tender, too, were they?

Mr. HOWE: No; there have been no tenders for work on the St. Lawrence since 1929, for the very good reason that there is no one to tender. The only firm with sufficient equipment of the necesary type is today, and has been since 1930, working on the St. Lawrence.

Mr. JOHNSTON (Bow River): What was the leverage used in connection with the sale?

Mr. HOWE: The leverage was that I was not prepared to negotiate on the new work unless I could get a sale for my own equipment. The sale was put through at the highest prices for scrap material that have prevailed in this country for many a decade. A great deal of the material was sold as scrap because in effect it was scrap. I believe the prices received were good prices for the assets of which we had to dispose. Let me give an indication of what we might have expected had we tried to sell this equipment piecemeal. I might mention that there were some pieces of equipment belonging to the Montreal harbour commission that had not been used for a number of years. Some of these pieces were in a workable condition, but others were no better than scrap. Some months before we started these negotiations we sent a letter to contractors and dealers in Canada whom we thought might be interested and we received an offer of $500 for six scows. That was the only offer received in connection with the equipment which subsequently brought $2,250,000 at the sale. At the sale we received from the General Dredging Contractors Limited $2,000 each for three scows and $3,000 each for the other three. If anyone suggests

that we could have done better by advertising this equipment unit by unit, I refer to him the experience we had in trying to sell the Montreal harbour equipment. I suggest this was a fair indication that such a disposal was not possible.

Mr. BENNETT: What was the appraised valuation of the whole property?

Mr. HOWE: The Canadian Appraisal Company Limited appraised the value of the property as of May 5, 1937, at $2,249,931.97. That amount should be reduced by $40,000, the value of one derrick scow at Montreal which was withdrawn.

Mr. BENNETT: What was the basis of the valuation, cost less depreciation?

Mr. HOWE: Yes. If the unit was in effect scrap, it was valued at the going value of scrap which at that time was the highest in many years. The sale price was $1,704,544, which is seventy-nine per cent of the appraised value.

Mr. LANDERYOU: What was the original cost?

Mr. HOWE: This goes back to the turn of the century, but I can give the cost if the hon. member is interested. Dredge No. 3 was constructed in 1900 at a cost of $94,000; dredge No. 4 was constructed in 1900 at a cost of $94,000, and dredge No. 5 was constructed in 1927 at a cost of $388,000.

Mr. PELLETIER: I do not know that it is necessary to give that information as it was given in a return brought down.

Mr. HOWE: All the details were contained in a return.

Mr. PELLETIER: The minister said that the reason why the department decided in 1929 to do this work by contract was to save time and to expedite the dredging of the St. Lawrence river; but I would point out to him that I have information from his own office to the effect that during that particular time when dredging was being done by contract, his own fleet was lying idle in the Sorel shipyards. The minister has developed a picture of the Sorel shipyards in an effort to show that the only thing that could be done in that shipyard was repair work. I submit that is not the case. The Sorel shipyard was equipped to do all kinds of work, to construct all types of vessels and even to build marine boilers. To say that the Sorel shipyard was only equipped to repair vessels is to give a wrong impression of the actual value of that shipyard.

We then come to the valuation of the dredging fleet which was sold to General Dredging Contractors Limited. The minister appears to be glad that he was able to realize such a price. He figures it was a good sale, but if he will go back and find the true valuation of these dredges I think he will realize that this equipment was practically given away. The minister refers to certain steel dump scows. I realize that if he tried to sell them as useful vessels he would not have been able to get very much. Everyone knows that there is a dredging monopoly in this country enjoyed by the people to whom he has referred. No one else was in a position to buy any of this equipment which was capable of giving any service. Let me point this out to the minister. Is he sure that his department always gives the auditor general correct figures?

Mr. HOWE: Mr. Chairman, I ask that that be withdrawn.

Mr. BENNETT: Oh no. I have heard the minister say worse than that about honest men.

Mr. HOWE: The hon. member asked me if my department gives correct figures to the auditor general.

Mr. PELLETIER: Quite so, and I repeat the question.

Mr. BENNETT: That is a proper question.

Mr. DUNNING: I submit it is not a proper question.

Mr. BENNETT: What is the matter with it?

Mr. DUNNING: No department gives figures to the auditor general. The auditor general has access to the books and records of all departments, but there is no question of giving anything to the auditor general.

Mr. PELLETIER: I submit that I can prove what I am saying at the present time.

Mr. DUNNING: What is the hon. member saying?

Mr. PELLETIER: I will prove it. I will say this: Either the department of marine was negligent in its duties or the department of the auditor general was. Let me refer the Minister of Transport to page xxxiii of volume 1 of the report of the auditor general for the year ended March 31, 1937. He will find there a list of stores and equipment of the various government agencies. He will see that the stores and equipment for the department of marine are listed at $17,843,282.36 for 1936-37, and at only $8,596,794.63 for the previous year. When I noticed that difference I immediately got in touch with the department to ascertain why there had been such an increase in the valuation placed upon the equipment then in

the possession of the department. I wrote to the auditor general and asked for an explanation, and he replied that from year to year he had given instructions to the various departments to supply as complete information as possible, and had succeeded only in the past year in obtaining this. I have his letter on my file.

In order to get a break-down of these figures I got in touch with the deputy minister of the department and I am sorry to say that I could not get the information I was seeking. I was referred to this famous appraisal by the Canadian Appraisal Company, which is not a fair appraisal according to the figures of the department. I had to do a great deal of beating about the bush in order to ascertain exactly what was represented by this increase in this item. What is the present position? We have a valuation of $2,249,931.97 which was placed upon certain government property by the Canadian Appraisal Company. Only five months before, the officers of the department submitted an inventory to the auditor general to the effect that according to their estimates they had in their possession property to the value of eleven million odd dollars, or a difference of $9,423,000 odd. Surely there must be some explanation. The Minister of Finance laughs, but I am sure that if he mislaid a dollar of Canadian money he would not do a thing like that. He would want it all accounted for. Why is it that complete information was not given to the auditor general with respect to property paid for by the taxpayers, or if it was given, why did not the auditor general make an accurate report to parliament of his dealings with the department? Either the department of marine or the auditor general is to blame, and that is why I suggested that the minister had only recently taken charge of this department and was possibly not aware of the negotiations which had been going on. Perhaps he did not know that his department was not making a complete report to the auditor general. I maintain that it is the duty of every department to supply accurate information to the auditor general and that there can be no excuse for an increase of eight million dollars in a single year without any satisfactory explanation being given. That is why I said I wanted the minister to be sure that he realized what he was undertaking when he said it had been done by a former minister. I said that in all kindness to the minister, and he told me that he knew a good deal more about the St. Lawrence channel then I did. Possibly so, and if he does I hope he will be in a position to give us a proper explanation of the inaccurate reports that have been given to this House of Commons by the marine branch.

Mr. HOWE: I think there is a simple explanation. The Department of Transport, my hon. friend will recall, is made up of two full departments and some offshoots from a third. As far as the inventory filed by the auditor general is concerned, it represents the cost of various properties. No depreciation is charged in the government books. If a dredge was bought in 1900—

Mr. PELLETIER: Just one second—

The CHAIRMAN: Order.

Mr. HOWE: I am not sure of the explanation, but I think it is this, that the auditor general in earlier years had an appraisal of one branch of the department. Of course, the department of railways had almost as much floating equipment as the department of marine, and the civil aviation branch of the Department of National Defence also has a considerable inventory of equipment. I assume the explanation is that the revised inventory of the Department of Transport was furnished to the auditor general in time for the statement. It could not have been filed much earlier because the department was put together not much over a year ago.

Mr. PELLETIER: The minister says that he does not know or that possibly he cannot give a satisfactory explanation. Perhaps I can help him. The explanation is that there never was any inventory made of this particular equipment on hand prior to 1936. That is why I say that the taxpayers' money is permitted to lie about in property and equipment at the Sorel shipyards without a proper inventory being supplied to the auditor general, who is responsible for accounting to parliament for all of the goods on hand which belong to the Canadian people.

The minister also said that it was a question of making an inventory based on the original cost, and then deducting the depreciation.

Mr. HOWE: I said the government did not depreciate its equipment.

Mr. PELLETIER: I am glad of the correction.

Mr. DUNNING: That is not a correction. That is what he said.

Mr. PELLETIER: I am glad the minister repeated his statement because it makes my point all the stronger. If that is the case, the

true valuation was placed on the equipment at the Sorel shipyards in 1936 because, as the minister says, it was the first inventory that had ever been reported to the auditor general. He accounted for $7,872,007.01 of this increase in the inventory I am talking about. The same thing happened in the Quebec agency, with the result that altogther there has been a vast increase in the amount of money represented in the holdings at the Sorel shipyards, the Quebec agency and the St. Lawrence ship channel.

But the question of valuation is only one part of the item under discussion this evening. The minister maintains that the true valuation is the one given to him by the Canadian Appraisal Company, and I say that just five months prior to that his own officers in his department for the first time made a valuation of certain properties which exceeded the valuation placed upon them by the Canadian Appraisal Company by something like ten million dollars. Inasmuch as this was the first time an inventory was taken, I would like the minister to explain just how that difference occurred. Surely it cannot be said that that amount of depreciation took place over a period of four months. Certainly that is hard to believe.

In order to show quite clearly that the Canadian Appraisal Company's valuation is not a true one, let me take simply the industrial site covered by the Sorel shipyards. I have under my hand a copy of the valuation placed on that particular property by the Canadian Appraisal Company, and I find that they appraise the land, including wharves, railway sidings, paving, fences and drainage at $60,000, and buildings and other structures at $125,789. In the town of Sorel we find that that property, though it does not produce any revenue, is carried on the assessment rolls at $1,000,000. Yet the Canadian Appraisal Company submitted an appraisal of something like $215,000 for property assessed approximately at $1,000,000.

Furthermore, let us consider the cost to the government of this land, in order to try to ascertain its true value. The Canadian government has purchased this land from various individuals and the records show how much has been paid for this land per square foot. It is almost eleven o'clock, Mr. Chairman, and I have a good deal more to say.

Item stands.

Progress reported.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

[Mr. Pelletier.]

Tuesday, April 26, 1938

The house met at three o'clock.

REPORTS OF COMMITTEES

RAILWAYS AND CANALS—FIFTH AND SIXTH REPORTS—SIXTH REPORT CONCURRED IN

Mr. THOMAS VIEN (Outremont) presented the fifth and sixth reports of the standing committee on railways, canals and telegraph lines, and moved that the sixth report be concurred in.

Motion agreed to.

ELECTIONS AND FRANCHISE—FIRST REPORT OF SPECIAL COMMITTEE

First report of the special committee on electoral matters—Mr. Bothwell.

SASKATCHEWAN FARMERS

REPORTED LACK OF SEED AND FEED AT CARDROSS—DELAY IN DISTRIBUTION OF SEED WHEAT

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): I have been asked to bring to the attention of the Minister of Agriculture (Mr. Gardiner) the fact that at Cardross, Saskatchewan, the farmers are without feed or seed; their horses have had no fodder since March, and it is alleged that they are without seed for the purpose of putting in a crop, although conditions seem to be favourable for an adequate return if they are fortunate enough to get the seed. I can only say that those who have asked me to bring the matter to the attention of the minister are of the opinion that if he will take notice of the conditions he may be able to remedy them.

Hon. J. G. GARDINER (Minister of Agriculture): I would suggest that if those who send such telegrams would direct them to the provincial government they would get much more speedy action than by sending them around by way of Ottawa. I took this matter up fully with the government of Saskatchewan when I was in Regina last Friday and Saturday, and they are giving every attention to any delay that there may be in getting the seed grain distributed.

Mr. BENNETT: Apparently that action had been anticipated; for they complain that they are unable to get any action from Regina. That is the only reason it is brought to the attention of the minister through this channel at the moment. It is just possible, as

it was Friday or Saturday that the matter was dealt with, and this telegram having come through Crane valley, that they were not aware of the conditions to which the minister has referred and to which I shall direct attention.

Mr. E. E. PERLEY (Qu'Appelle): I should like to direct the attention of the Minister of Agriculture (Mr. Gardiner) to a report appearing in the two Regina newspapers, the Leader and the Star, to the effect that the Minister of Agriculture of that province had given an interview in which he stated that the wheat board was responsible for the delay. I understood that the federal minister was meeting with the wheat board in Winnipeg, or was getting in touch with them, and I was wondering if he would care to make a statement as to the result of that conference.

Mr. GARDINER: I do not know whether I understood the first part of the remarks of the hon. gentleman. Was it suggested that I had made the statement that the wheat board was responsible?

Mr. PERLEY: No. I have here the two Regina papers, which state that Mr. Taggart admits a hitch in distributing seed wheat, and charges the wheat board with responsibility for the delay. The report goes on to the effect that the federal Minister of Agriculture had been in communication with the wheat board by telephone, and it was understood that on his return to Ottawa he would take up the matter with the board in Winnipeg. I wondered if the minister cared to make a statement as to the result of that conference.

Mr. GARDINER: I interviewed the wheat board while passing through Winnipeg and also discussed the matter with the provincial government in Regina on Friday last: In those two interviews I discovered that there had been some delay due to the unnecessary sending of messages, first from Winnipeg to Regina and then from Regina back to Winnipeg, when the messages might have been transmitted from either one point or the other without the duplication that actually resulted. That probably brought about a delay of about one day in some of the distributions. The main difficulty in connection with distribution, however, is that this year wheat had to be found for a very large area, and had to be brought in from outside the province. Until very recently it was impossible to know the amounts that should be shipped to the different municipalities, but it is hoped that any delays will be overcome during the present week.

MEMBER FOR BEAUCE

INQUIRY AS TO INVESTIGATION INTO CHARGE MADE BY PREMIER OF QUEBEC

On the orders of the day:

Mr. R. A. PELLETIER (Peace River): I desire to direct a question to the Minister of National Revenue (Mr. Ilsley). Has the minister taken notice of a charge levelled by the premier of the province of Quebec against a member of this House of Commons the hon. member for Beauce (Mr. Edouard Lacroix) to the effect that this member had defrauded the Department of National Revenue by bringing trucks into Canada without paying duties? What steps are being taken by the department to protect the revenue in this case? Will the government conduct an investigation into this charge, and if so, when?

Hon. J. L. ILSLEY (Minister of National Revenue): I have not seen any newspaper reports of the charge to which the hon. gentleman refers, but I may say that the hon. member for Beauce himself informed me of a charge having been made. The hon. member denied the charge, said it was entirely false and demanded that I have an investigation made into it. This I propose to have done.

Mr. EDOUARD LACROIX (Beauce): On a question of privilege arising out of the question just asked by the hon. member for Peace River (Mr. Pelletier) I desire to say that the charge referred to is false; that I owe no money to the federal government or any department thereof, and that I have already asked that the fullest investigation be made by the government with regard to the charge mentioned by the hon. member.

CANADA-GUATEMALA TRADE

APPROVAL OF AGREEMENT SIGNED ON SEPTEMBER 28, 1937

Hon. W. D. EULER (Minister of Trade and Commerce) moved the second reading of Bill No. 80, respecting a certain trade agreement between Canada and Guatemala.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Agreement approved.

Mr. STEVENS: We have had only a brief opportunity of glancing at this bill, which appears to be very ordinary and simple. The explanatory note indicates that it is an agreement providing for the exchange of most

favoured nation treatment. I should like to ask the minister whether, in the light of modern developments, or, shall I say, particularly developments in the older countries of Europe and indeed in all parts of the world, special consideration has been given recently by the government to the effect of the extension of most favoured nation treatment.

This is an old principle, as far as Canada is concerned, in international trade. If my memory serves me rightly, some twenty-two or twenty-three countries enjoy the privilege. I remember making an analysis a few years ago which indicated that whenever a reduction was given to one of these countries it extended also to the whole twenty-three countries. The result, of course, has been a much wider reduction in tariff charges than an individual agreement would indicate on its face, and I was led to the opinion that the whole system ought to be reviewed. When I say that I wish to assure the minister and the government that this observation is not offered in criticism of them or their policy, because this matter extends back over a number of governments and a great many years. But in the light of changing conditions, with the controlled markets of many of these countries, it is a question whether we should continue the principle of extending in blanket form the most favoured nation treatment. I think I am within the judgment of the house and of those who have studied modern trade conditions when I say that in the last ten years the trend has been more to special agreements between countries, the limitation of imports except under quota arrangements, and such practices or customs as these would indicate, as against the blanket extension of all the privileges that are enjoyed by all these other countries, in this case to Guatemala. I am wondering whether or not we are wise in following that course. That is the question that arises in my own mind, and I was wondering if the minister had given any recent study to the situation and whether he would be prepared to-day to express an opinion as to the result of such study; also whether he considers the extension of most favoured nation treatment the best course to pursue in making new agreements with other countries.

Perhaps one further question might be asked: has he any opinion as to the wisdom of abrogating some of the existing treaties, again in the light of changed conditions? For instance, by the extension of the most favoured nation privilege we accord a country an extremely wide entry into our market. As a matter of fact, our general tariff might be considered a dead letter to-day. Most stuff comes in under the intermediate tariff; I refer of course to other than British Empire countries. Therefore I feel strongly that the time has arrived when we should review conditions of import into each of these countries, the extent to which in recent years they have placed on imports restrictions which affect Canada as they affect other countries, and whether or not many of these countries are enjoying undue privileges with respect to the entry of goods into Canada under most favoured nation treaty arrangements as against the restriction of imports into their own markets.

Perhaps the minister will accept this somewhat casual way of expressing a difficult question and suggesting an important problem. I am quite sure he is familiar with the situation, and will grasp what I have very imperfectly put before him.

Mr. EULER: As every hon. member knows, it is of course true that the conclusion of a most favoured nation agreement with any one country extends certain tariff privileges to all other countries with which we have most favoured nation arrangements. That it has worked to the detriment of Canada up to this point, I certainly would not like to say. As a matter of fact it is definitely the policy of this government to negotiate to promote the exchange of commodities with all countries. I would say, however, that when any agreement with any country whatsoever is contemplated, the specific interests of that country and their relation to Canada are very carefully considered before arrangements are made. So far as the agreements with Hayti and Guatemala are concerned, the implications are not important, because our trade with these countries is very small.

The former Minister of Trade and Commerce has asked whether or not the time has arrived to consider whether some of these agreements giving most favoured nation treatment should be cancelled or abrogated. That, again, is a question upon which I should not like to give a very definite opinion. Occasionally—and perhaps at the present time—it does happen that where we might desire to give certain concessions to one country we are obliged to hesitate because it would involve the same concessions to some other country, importations from which might be prejudicial to Canada. Speaking generally I believe it is in the interests of Canada and of the trading nations of the world to have as free an interchange of commodities as possible, without detriment to our own industries. In anticipation of some questions which might be asked may I say that the

present bill involves the ratification of a trade agreement between Guatemala and Canada which was signed on September 28 of last year. It provides, as stated, for the exchange of most favoured nation treatment and— perhaps this will answer one question which has been asked—also that if either country introduces exchange restrictions, exchange control, a quota system or anything of the kind, Canada shall receive proportionately as good treatment as any other country.

The agreement is for three years, and will continue unless terminated by the giving of six months' notice. With regard to the point raised by the hon. member, as to whether or not we should consider abrogation, I would say offhand that it is not very probable. But where any agreements are made in which most favoured nation treatment is conceded to another country, the whole situation is carefully canvassed before the agreements are finally signed.

Mr. BENNETT: What is the volume of trade?

Mr. EULER: Almost infinitesimally small. Last year the imports from Guatemala were valued at $52,000, of which all but $1,000 came in the form of coffee. The exports, consisting chiefly of wheat flour, amounted to only $88,000.

Mr. CHURCH: While the minister may say that the trade involved is small, I would remind him that the principle behind the treaty is not small. I suggest to him that in future not only treaties with smaller countries but also those with the United States be submitted to industrialists and agriculturists for study before bills are introduced. I suggest he should adopt a new policy, that followed by Right Hon. Neville Chamberlain and by the federal administration at Washington, of giving industrialists, agriculturists and others a chance to be heard before a treaty is consummated.

So far as these treaties are concerned, we are only having a post mortem. The agreements are signed, sealed and delivered. We have to swallow the whole thing, although some of our constituents may not favour the agreements which have been made. I do not object to the treaty now under consideration. But the government is running all over the world looking for treaties, while it forgets about the home market. I know that the present treaty is only a small one, and that a small amount of business is involved. I do point out however that we must consider an important principle, and must consider the effect agreements may have on employers of labour and employees. We should not permit the making of treaties without first consulting the people interested and giving them a chance to be heard.

We are losing our home market, and prominent industrialists do not know where they stand. At Christmas time one may walk into Eaton's or Simpson's in Toronto and see on display the goods coming in under preferred treaties. From fourteen or fifteen countries we see goods of all descriptions, even down to Christmas cards, and all that sort of thing. This practice is taking the home market away from our own people. This is a stable market, not one which is here to-day and gone to-morrow. It is true that only a small amount of money is involved in this agreement, but an important principle must be considered, because we may have before us a treaty of greater importance, namely that between Great Britain and the United States. The British government have called industrialists and agriculturists to the city of London so that they may know what the government is doing. In Washington they have seen fit to send to Canada a list of forty-seven pages of items, and have asked their people to give consideration to them. Business men were to file their written objections or support by March 14. On March 20 there was a public hearing at Washington before which any person could express his views—not after the treaty was consummated, but before.

Coming from an industrial city I protest against the irregular practice of consummating treaties in this manner. It has been stated in the press that this is a decadent house. Someone should answer such a charge. I say the government should answer, but it has been left for a private member to do so. If this is a decadent house, I would say it is a decadent press which gives the public and business men no notice of treaties until they are consummated. The treaty with Hayti is to be considered, but we have had no notice of it. The press will print three or four pages of ballyhoo about sime kind of sport, or that sort of thing, but not one line about these treaties.

The minister, who has some regard for the public, should consider a new policy. He should consider the possibility of giving business men proper legal notice. They should be given a chance to be heard and then there could be no complaints made. This is a matter of policy in administering this matter for Canada.

Mr. EULER: The complaint made by my hon. friend arises out of the difference of

procedure in the two countries. I take it that he is referring to the United States, and, of course, to Canada. Under the law of the United States a certain procedure has to be followed by which a list of the articles in connection with which it is proposed to negotiate, with Canada in the present instance, must be published in order that the producers may be given an opportunity to make representations. That is not the procedure followed in Canada. As to whether that should be done would be a matter for future consideration by the government. My hon. friend is in error when he states that the same practice was followed in connection with the treaty with Great Britain. They did not follow the policy of notifying their industrialists to come in and make representations.

I am not so sure that any great practical benefit would result if the industrialists were called in in advance. I am quite sure my colleague, the Minister of Finance, will bear me out when I say that practically every producer and manufacturer in Canada has already made representations with regard to every commodity under the sun in connection with which we may negotiate with the United States. Any trade agreement which we might make with the United States will have to be ratified later on by parliament, at which time a full discussion can take place.

I think it should be stated that where we make a most favoured nation arrangement with another country, Great Britain and all the other parts of the empire are excluded from the operation of that clause. In connection with this particular treaty with Guatemala, the other Central American republics are excluded from the operations of the most favoured nation clause.

Mr. BENNETT: What countries are they?

Mr. EULER: I am not sure that I can enumerate them. It is all the Central American republics, and they can be easily identified. As far as Hayti is concerned, the exception there applies to the Dominican republic, which is a part of the same island.

Mr. LENNARD: Is it expected that these treaties will greatly increase our trade with these countries?

Mr. EULER: I would not care to make any prediction with regard to that. Having regard to all the circumstances, I do not suppose it is physically possible that our trade with either of these two countries will ever be very large. However, it has been thought well to make this trade agreement because of certain restrictions which might be brought into force with reference to exports from Canada to Guatemala if no regular agreement were made.

Mr. CAHAN: What are the transportation facilities for the exchange of trade between Canada and Guatemala?

Mr. EULER: I am not sure that I can give an answer to that question. They would probably consist of tramp steamer service which would be offered from time to time, as well as rail facilities.

Mr. BAKER: Are the Central American republics specified in the agreement?

Mr. EULER: I do not think they are mentioned.

Mr. BAKER: Should they not be specified?

Mr. STEVENS: "Customs union" is the term used.

Mr. EULER: I do not think there is any doubt that they can be readily identified.

Mr. BAKER: Should they not be named specifically in the agreement?

Mr. EULER: They are named. Article IX reads:

> The advantages now accorded or which may hereafter be accorded by Guatemala to the commerce of Costa Rica, El Salvador, Honduras, Nicaragua or Panama, so long as any such advantage is not accorded to any other country shall be excepted from the operation of this agreement.

Mr. STIRLING: Is this treaty designed to give assistance to any particular commodities which it is hoped Canada will be able to export or import?

Mr. EULER: As I said before, we have not any great hope that our trade is going to be considerably extended. However, we hope to keep what we have. I could give the names of the commodities which we now sell, but in most instances the amounts are quite small.

Mr. STIRLING: What about mahogany and woods of that kind?

Mr. EULER: For importation into Canada?

Mr. STIRLING: I said exports or imports.

Mr. EULER: I do not know that any particular commodity has been kept in mind. Like most countries, we are more concerned perhaps with exports than with imports. We export wheat flour, rubber tires and tubes, various vegetable products, newsprint, rubber belting, silk socks and stockings, brushes, cotton duck, farm implements, bags, whisky, cotton cloth, needles and pins, and other commodities, but in most cases the amounts are quite small.

Section agreed to.

Section 3 agreed to.

On section 4—Coming into force.

Mr. BENNETT: Who signed the agreement?

Mr. EULER: It was signed by the British minister.

Mr. BENNETT: There is nothing to indicate who he is.

Mr. EULER: It was signed by Mr. J. H. S. Birch.

Mr. BENNETT: It is not stated in the agreement who Mr. J. H. S. Birch is.

Mr. EULER: He is the British minister.

Mr. BENNETT: Is not that an oversight? There is nothing to show who signed this agreement on our behalf.

Mr. EULER: I do not think there will be any difficulty in identifying him.

Mr. STEVENS: Article IV, which I believe is a little unusual, reads:

> In the event that the government of Canada or the government of Guatemala establishes or maintains an official monopoly or centralized agency for the importation of or trade in a particular commodity, the government establishing or maintaining such monopoly or centralized agency will give sympathetic consideration to all representations that the other government may make with respect to alleged discriminations against its commerce in connection with purchases by such monopoly or centralized agency.

In the absence of precise knowledge of the origin of that article it would appear that there is either already in existence or contemplated a centralized agency or monopoly in connection with some article of commerce that is likely to enter into trade between the two countries. Instead of the agreement specifically undertaking that Canada shall have fair treatment by such centralized agency or monopoly, all that is done is to assure that sympathetic consideration will be given to representations made. Sympathetic or courteous consideration is usually accorded to any friendly country, so that in a treaty of this kind these words are meaningless. On the other hand, the article seems to imply the existence of a monopoly. The minister mentioned coffee, and it may be that the export of coffee from Guatemala is controlled. It also may be possible that some article entering that country from Canada is at present under government monopoly—we will say, for instance, flour, which might indeed be an important article of export. If it were under the control of a central monopoly in Guatemala, then such central agency could very well discriminate, and this agreement would not ensure to Canada either most favoured nation treatment or any treatment at all except such as the monopoly might desire to give us.

Mr. EULER: There is a clause which declares that Canada shall not be discriminated against in any case such as that. For instance, if exchange control or a quota were imposed by Guatemala she could not do it to the disadvantage of Canada as compared with any other country.

Mr. STEVENS: I am quite aware of that, but the very presence of this article implies that some central agency does exist, or else the article is superfluous.

Mr. EULER: I will give another reason for that.

Mr. STEVENS: Frankly, I think the article is one that should not be in the agreement, but of course it is there and I suppose we must accept it, and that is all there is to it. But I was wondering if the minister had the facts behind it, because there must be something behind this article. It strikes me that there is a central agency or a number of central agencies controlling, we will say, imports; buying, we will say, all the flour, all the lumber or some other commodity and supervising its distribution within that territory. That is quite a common practice nowadays in many countries, and if such exists then it might well nullify the effects of this treaty, because that does not affect the question of exchange or import quotas or matters of that kind. These are governmental actions. But this contemplates the establishment or the actual existence of an official monopoly or central agency. I think some explanation of that should be given to the committee.

Mr. BENNETT: It is covered by the agreement itself. The monopoly covers matches, wax matches and lighters, and it is so indicated in article II, in the last paragraph, which is the reason for article IV being in the agreement. Article II says:

> The advantages and provisions contained in the present article and in article IV shall not be applicable to the importation, production or sale of matches, wax matches and lighters, in view of the existing laws in Guatemala on the monopoly of such goods.

And article IV sets out the matter in the terms there indicated.

I cannot understand why there is nothing in this schedule that indicates who made it. It is the first time I can recall such a thing happening, although I am not challenging my memory with it. This is an agreement purporting to be made between two countries.

The schedule reads:

Trade Agreement between Canada and Guatemala

The government of Canada and the government of Guatemala, desiring to further facilitate and develop the commercial relations existing between Canada and Guatemala, have resolved to conclude a trade agreement and for this purpose have agreed upon the following articles:

And at the close we have these words:

In witness whereof, the undersigned, duly authorized to that effect, have signed the present agreement and have affixed their seals hereto.

Done at Guatemala City, this twenty-eighth day of September nineteen hundred and thirty-seven, in duplicate in English and Spanish, both texts being equally authentic.

(L.S.) J. H. S. Birch,
(L.S.) Carlos Salazar.

There is nothing to indicate who these people are. The minister now tells me that one of them is the British consul. I do not know who the other, Carlos Salazar, is. There must be some reason why an agreement submitted to this parliament for confirmation does not indicate who the parties are who signed it. Any agreement that I have ever seen made with any community, however small, usually states that it is made between the government of the country represented by so-and-so. One of the agreements we made with the West Indies was signed by five or six of their ministers, and it was stated who they were on the face of the agreement.

Mr. EULER: There is an order in council authorizing someone to sign on behalf of Canada.

Mr. LAPOINTE (Quebec East): The order in council must include all of them.

Mr. BENNETT: But there is nothing in the agreement itself to indicate who signed it on behalf of Guatemala or on behalf of Canada, which I do submit is most unusual—I will put it that way. There must be some reason for it; I do not know what it is.

Mr. EULER: I do not think there is anything ulterior in it.

Mr. BENNETT: I was not suggesting anything ulterior; I said there must be some reason for it.

Mr. EULER: In a practical way there can be no possible difficulty about the matter. Whoever signed for the Canadian government was duly authorized to sign.

Mr. BENNETT: The Canadian government could not authorize the representative of Guatemala to sign.

Mr. EULER: No, I said on behalf of Canada, but certainly I would not think for a moment that the government of Guatemala did not authorize someone to sign on their behalf. I would not suspect that somebody out of the air signed this agreement.

Mr. BENNETT: Has any such document come before us in the past, with no indication as to who were the signatories?

Mr. LAPOINTE (Quebec East): I agree with my right hon. friend that the regular form would be as he indicates. It should state: the government of Canada, represented by the person duly authorized to represent the government; and the same thing on behalf of Guatemala. But the fact that it is not mentioned in the agreement does not, I think, vitiate in any way the validity of the agreement, because the two countries are mentioned and specified. Of course, these treaties are the object of legislation in both countries, and while I do not foresee any difficulty, I agree with my right hon. friend that it would have been better had it been done as he indicated.

Mr. BENNETT: I suggest that possibly the agreement was not copied in its entirety. I assume that the information is given in the original agreement.

Mr. LAPOINTE (Quebec East): Possibly.

Mr. BENNETT: And I was wondering whether or not the schedule had been completely printed.

Mr. CAHAN: The government must have some evidence of the authority of Carlos Salazar to sign on behalf of the government of Guatemala in this case. There must be some evidence of authority somewhere.

Mr. LAPOINTE (Quebec East): My hon. friend is quite right.

Section agreed to.

Schedule agreed to.

Bill reported, read the third time and passed.

CANADA-HAYTI TRADE

APPROVAL OF AGREEMENT SIGNED ON APRIL 23, 1937

Hon. W. D. EULER moved the second reading of Bill No. 79, respecting a certain trade agreement between Canada and Hayti.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Short title.

Mr. BENNETT: What is the value of the trade?

Mr. EULER: Mr. Chairman, this agreement in its terms is practically identical with the treaty with Guatemala. The trade is very small, the imports to Canada amounting to $59,000, and the exports $164,000. The imports from Hayti practically all consist of sisal fibre, and the exports consist almost entirely of certain fish products. I may say that both of these agreements—and perhaps this may account for no very meticulous attention being given to the various clauses—are really extensions of existing agreements.

Mr. CAHAN: Who is the F. M. Shepherd who, apparently, signs?

Mr. EULER: The British minister.

Mr. CAHAN: Did the minister have any objection to indicating that a British official was acting in the capacity of agent of the government in signing the document?

Mr. EULER: Oh, I am not very particular about these matters, Mr. Chairman.

Mr. LENNARD: Will the trade commission services be enlarged because of these several treaties with West Indian and Central American countries?

Mr. EULER: No, it is not so contemplated.

Section agreed to.

On section 2—Agreement approved.

Mr. STEVENS: Clause 2 ratifies the agreement. The suggestion I made a moment ago regarding article IV of the other treaty in connection with official monopolies was brushed aside very lightly, as if it were of no importance.

Mr. EULER: Oh, no.

Mr. STEVENS: Article IV of this treaty provides exactly what I suggested should have been done in the other treaty:

> In the event that Canada or Hayti establishes or maintains a monopoly for the importation, production or sale of a particular commodity or grants exclusive privileges, formally or in effect, to one or more agencies to import, produce or sell a particular commodity, the government of the country establishing or maintaining such monopoly, or granting such monopoly privileges, agrees that in respect of the foreign purchases of such monopoly or agency the commerce of the other country shall receive fair and equitable treatment.

That was exactly my criticism in connection with the other clause.

Mr. EULER: Yes, but the other specifies the monopolies already in effect.

Mr. STEVENS: No, that was not the correct answer. That answer applied to monopolies regarding lighters, wax matches, matches, etc., but it did not apply to other monopolies which might be erected or established.

Mr. EULER: Which might be established later on.

Mr. STEVENS: Or which might exist, other than matches, wax matches or lighters. Of course the other point is passed, and I am not going to quibble about it. It is not a very important item; it is the principle which I think we should safeguard. What I am pointing out is that in this agreement article IV does safeguard the rights of this country, whereas in the other agreement in article IV such rights were not properly safeguarded.

Mr. EULER: But there is a clause that if any such monopolies are established there may be no discrimination against Canada as compared with any other foreign countries.

Mr. STEVENS: My. hon. friend is referring to the other agreement.

Mr. EULER: To both of them.

Mr. STEVENS: That refers to exchange on certain specified things.

Mr. EULER: Any restrictions that may be placed upon trade.

Mr. STEVENS: Not in connection with monopolies that may be established.

Mr. EULER: That is a restriction.

Section agreed to.

Sections 3 and 4 agreed to.

Schedule agreed to.

The CHAIRMAN: Shall I report the bill?

Mr. MacLEAN (Prince): Before you report the bill I should like to ask the minister if the government is giving consideration to trade agreements with other countries in the vicinity of Hayti and Guatemala. I refer especially to Cuba and the Dominican republic, having reference to trading between them and the maritime provinces, which is very important. These treaties, I suppose, are all to the good for other parts of Canada, but possibly we in the maritimes do not get the same benefit from them as we should do from agreements with the other countries I have referred to. Have negotiations been opened up between Canada and Cuba or any other countries in that general area?

Mr. EULER: The government is always concerned in making trade agreements with any country which may promote the trade of Canada. But even this government can do

only one thing at a time. Ever since the government came into office we have been fairly well employed in the making of agreements. I understand quite well the desire of the maritime provinces to have some trade agreement which will promote the sale of some of the products in which they are especially interested—for example, with Cuba —and the government is bearing that in mind. At the same time I must say that at present there are no trade negotiations in progress with Cuba.

Mr. BENNETT: To what extent does the proposed agreement modify existing commercial relations between our country and Hayti?

Mr. EULER: Not at all. Really it is just a continuation of the old agreement.

Mr. BENNETT: I was not quite sure.

Mr. EULER: That is so in both cases.

Mr. SENN: Do I understand by that that the rate of duty on Canadian goods entering Hayti is not in any way changed?

Mr. EULER: We have had most favoured nation arrangements with that country for the past seven or eight years at least, and practically no change has been made. In one case a specific duty is changed to an ad valorem duty. I believe that the duty on rubber pneumatic tires has become twenty per cent where it was nine cents a pound; I am informed that that constitutes a reduction of about twenty-five per cent. Otherwise this is just a continuation of the old agreement. They have given us most favoured nation treatment and we have given them the same.

Bill reported, read the third time and passed.

INSURANCE COMPANIES

AMENDMENT OF CANADIAN AND BRITISH INSURANCE COMPANIES ACT, 1932, AS TO INVESTMENT OF FUNDS

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of Bill No. 81, to amend The Canadian and British Insurance Companies Act, 1932.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Investment of company's funds.

Mr. DUNNING: I think I explained at an earlier stage on the bill that it is proposed, by the first portion, namely (i-d), of the amendment now under discussion to permit Canadian insurance companies to invest in the equipment trust obligations of Canadian railways. I believe that will commend itself to the house generally as a wise provision.

Mr. CAHAN: The explanation refers to the sub-clause (i-d)?

Mr. DUNNING: Yes.

Mr. CAHAN: It does not cover clause (i-e)?

Mr. DUNNING: I am sorry; I should have remembered that they are both in the same section. A number of the Canadian life companies which do business in the United Kingdom and in other parts of the world have asked that we take cognizance of the fact that, particularly in Great Britain, new types of public authorities have come into being. At the present time there is at least a doubt as to whether Canadian insurance companies may invest in the securities of these public bodies. In some cases there is no doubt that under the existing law they cannot, and in others there is doubt. It is therefore proposed that power shall be extended in the language of (i-e). I have suggested a qualifying amendment which would make clearer the type of body to which it refers, namely, in line 30, to strike out the words "with power to regulate the administration of" and substitute the words "or to a body so responsible, with power to administer."

Mr. BENNETT: I thought there was something left out, because it does not make good sense the way it now reads.

Mr. DUNNING: Yes, there is that difficulty, and not merely that. As it was originally, the limitation would be to a body responsible to the government of such kingdom or dominion, or to any minister of such government; whereas in many such cases there are bodies which are responsible to the minister, which in turn occupy a regulatory relationship to the body actually issuing the securities. So the insertion of these words will make it clear that if the body is under government supervision and control, then the bonds of such public utility or other corporation would be a proper investment for Canadian life insurance companies.

Mr. CAHAN: But the minister wishes to exclude any other authority than a governmental authority, does he not? The mere fact that a company may be incorporated for a certain purpose should not bring it within the scope of (i-e).

Mr. DUNNING: The difficulty there is due to the fact that the body may not be a

governmental body in the ordinarily accepted sense of the term. It may be a body administering a utility—

Mr. BENNETT: Such as the electricity board in England.

Mr. DUNNING: —but under a board which in turn is under the direction of the minister. We are endeavouring to include the various types of quasi-governmental authorities which are being erected in England particularly, which are nevertheless public in reality. The law officers have had some difficulty in finding descriptive terms which would cover specific cases which have been put up to the department, as, for instance, the electricity board, the Port of London Authority, the London Transport Board, all of which have in varying degrees relationship with a minister of the crown of Great Britain. In some cases that relationship is direct; they are immediately under the minister's direction with respect to rates and matters of that sort; in other cases they are responsible to a board which reports to the minister, the board itself in most cases being a board of civil servants, in some cases with what are called over there co-opted members. Various experiments are taking place in England of a very interesting nature with respect to the combination, in the operation of great public utilities particularly, of private enterprise on the one hand and governmental capital investment or supervision, or both, on the other. You cannot use a phrase which is descriptive of all these experiments, because they vary in certain particulars. But there is no doubt that the securities issued by them rank very high in England, and it is for that reason that we think Canadian insurance companies, particularly those doing business in England, should have the right to invest in such securities, which in England are regarded as being prime securities.

Mr. MACKENZIE (Vancouver) moved:

That the words in line 30 "with power to regulate the administration of" be struck out, and the following substituted therefor:

"or to a body so responsible, with power to administer or regulate the administration of."

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

NEW WESTMINSTER HARBOUR

EXTENSION TO INCLUDE SMALL AREA BETWEEN NEW WESTMINSTER AND NORTH FRASER HARBOURS

On the order:

Second reading of Bill No. 82, to amend the New Westminster Harbour Commissioners Act. —The Minister of Transport.

Hon. C. D. HOWE (Minister of Transport): The bill in question is for a very simple amendment to the New Westminster Harbour Commissioners Act, to bring in a small portion of property lying between that under the control of this harbour authority and the adjoining harbour authority. Since the bill was presented I have received strong representations from the New Westminster harbour commission and the city of New Westminster to add a further small amendment to the bill; but as this amendment requires a resolution, I would ask the unanimous consent of the house to withdraw the bill and introduce it again, with a resolution, in the form now required.

Bill withdrawn.

NATURAL RESOURCES

CONFIRMATION OF CERTAIN AGREEMENTS BETWEEN DOMINION GOVERNMENT AND PROVINCES OF MANITOBA, SASKATCHEWAN AND ALBERTA

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to confirm certain agreements between the government of the dominion and the governments of the provinces of Manitoba, Saskatchewan and Alberta, respectively, concerning the transfer to the said provinces of the interest of the crown, in the right of the dominion, in and to certain natural resources.

Motion agreed to and the house went into committee, Mr. Sanderson in the chair.

Mr. LAPOINTE (Quebec East): Mr. Chairman, this resolution will authorize the introduction of a bill to confirm amendments to the agreements transferring the natural resources of the three western provinces. They were transferred under agreements which mentioned that all lands, mines and minerals in the right of the crown were to be transferred to the respective provinces. There has been doubt as to whether those terms included waters and water powers, and in order to remove the doubt an additional agreement has been signed with the three provinces transferring waters and water powers as well. That was always the intention, and this is merely to avoid any difficulty in that regard.

Mr. CHURCH: Are any regulations included in these agreements with regard to natural resources? For instance, one of the agreements is with Alberta, where there are valuable oil and coal deposits. From some of the factums and briefs which have been presented to the Rowell commission we have

learned how the natural resources of this country have been squandered. I believe the time has come when we should have some regulation in this regard, because one of these days the United States are not going to have enough coal for their own people, let alone enough for us. I believe these provinces, especially the three prairie provinces, since they are the only ones left where such regulations could be enforced, should be under some sort of control with regard to their natural resources in order that these resources may be conserved for the future. In the old province of Ontario we have had trouble about water power. They will have it in this resolution without riders. In Canada we have 42,000,000 horse power in all, but only one-seventh of it has been developed. So I believe there should be some provision in these statutes for federal authority and conservation in this regard.

At the present time federal authority in Canada is the weakest it has been since confederation. There seems to be no central control over these provinces. We have agreements made both without and within the British North America Act. If there is one thing this country needs at the present time it is cohesion and unity between the provinces, but to-day they are like a lot of Balkan states, quarrelling among themselves and fighting federal authority. No doubt the resolution will pass, but when the bill is brought down I hope the minister will consider inserting some provision for the protection of posterity by conservation of natural resources. This country does not belong to those who inhabit it to-day. It is an inheritance from the past, a possession for the present and a trust for the future. Notwithstanding the reflections that have been cast on this House of Commons, this body is quite competent to deal with the affairs of the country without appointing royal commissions. If we hand over all these great natural resources in these provinces, oil, coal and all the rest of it, without restriction, we shall be criticized by posterity. We have seen the trouble the British government has had in Mexico in regard to oil. Here in Canada in Alberta we have the Turner valley, and as I stated when I first came to this house, we should have a national policy dealing with all our resources, including coal, oil, lumber, water powers and so on.

There should be some measure of protection and of conservation. It may be said that under the British North America Act we have that protection as to cash subsidies. Each year we hand over to the provinces certain sums of money by way of cash subsidies, but when it comes down to the fine point we have absolutely no control over these subsidies, although they arise under the British North America Act. The provinces spend the money as they wish, though it was intended for provincial and municipal purposes. This is the only way in which we can bring to the attention of this parliament the need, from social, economic and business standpoints, of doing something to protect these resources in these interprovincial agreements. In British Columbia they are selling timber to Japan, I am told, for about $1.30 a thousand. It costs $10 to deliver it in Toronto by the Panama canal. I am not in the lumber business, and I have not my papers here, but that resource is being squandered to-day. In England and other countries they are doing something to put a brake on conservation of resources and on this sort of thing, but here it is almost too late. In the United States the federal government is trying to exercise some control over the states.

These three provinces in this resolution are as rich in natural resources as any provinces of Canada. The Lord did not intend these wonderful natural resources to be only for the millionaires who can take a holiday once in a while in Bermuda or the West Indies. The Lord intended the water power, coal, oil and all the rest of our great resources for the benefit of all his creatures, not for the few favoured people of this country. That is the trouble to-day. In a rich country like Canada, with all the natural resources that we possess, we have people suffering and starving in a land of plenty though we have all the fuel and oil we need and all the falling water to generate power to help the poor farmers who are struggling on the land. This is a very important bill; as I have said many times before, we should have a legal committee where matters of this kind can be considered. In my opinion there should be some rider inserted in the statutes which will protect the people of the country and establish some federal authority.

Mr. CAHAN: Would the Minister of Justice inform the committee whether there have been any controversies in the courts with regard to the title of Manitoba or Saskatchewan or Alberta to the water powers located within those provinces? I do not remember that the issue has arisen in the courts. As a matter of fact I was under the impression that the province of Manitoba assumed that it had not only title to all the water powers but complete control over them within that province, and that from time to time it had granted

charters and franchises with respect to the development of hydro-electric power. Just how did the issue arise at this time?

Mr. LAPOINTE (Quebec East): I am sorry that the Minister of Mines and Resources is away at the moment. My name has been placed on this bill but it really concerns a matter arising under the Department of Mines and Resources. If my hon. friend will agree we shall give all the information requested when the bill is up for second reading. As a matter of fact I agree with my hon. friend; I do not recall that there has been any litigation in this regard, but I know that this legislation has been requested by the attorneys general of these three provinces because of some possible doubt as to the transfer including the water powers. I am sorry I cannot give more information to-day, but I can promise it when the bill is up for second reading.

Mr. CAHAN: That will be quite satisfactory, if by passing this resolution we do not preclude ourselves from such an inquiry when the bill is before the house.

Mr. LAPOINTE (Quebec East): No; a bill will be introduced to-day.

Mr. WOODSWORTH: The minister did not mention fisheries. As I understand it, the legislative authority with regard to fisheries lies with the dominion, but the administration, in most provinces, has been by the province. Is there any provision in the bill which will save subsequent litigation in this matter?

Mr. LAPOINTE (Quebec East): No, nothing regarding fisheries. Of course the agreement as signed cannot be changed; it is an agreement requested by the provinces. Nothing concerning fisheries appears in it.

Mr. MITCHELL: Will the bill contain any provision for the maintenance of watersheds on the eastern slope of the Rocky mountains?

Mr. LAPOINTE (Quebec East): When the bill is introduced the hon. member will be able to find that out for himself. I have not a copy of it before me.

Resolution reported, read the second time and concurred in. Mr. Lapointe (Quebec East) thereupon moved for leave to introduce Bill No. 106, to amend the Manitoba Natural Resources Act, The Alberta Natural Resources Acts and The Saskatchewan Natural Resources Acts.

Motion agreed to and bill read the first time.

ROYAL CANADIAN MOUNTED POLICE

PERMANENT MILITARY AND AIR FORCE SERVICE TO BE INCLUDED FOR PENSION PURPOSES

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved the second reading of Bill No. 40, to amend the Royal Canadian Mounted Police Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Part I and rules and regulations applicable.

Mr. CAHAN: Will the minister give an explanation?

Mr. LAPOINTE (Quebec East): I believe the explanatory note is sufficient, and gives clearly the purpose of the amendment. Under the act as it now stands the reservists are enjoying all the privileges enjoyed by the mounted police under the act. This is to make the act apply only to those killed or wounded on duty. The pension privilege would not apply otherwise.

Section agreed to.

On section 2—Act not to apply except as specified.

Mr. LAPOINTE (Quebec East): This section makes the same provision.

Section agreed to.

On section 3—Stoppage of pay.

Mr. LAPOINTE (Quebec East): In this section we wish to substitute the words "any other penalty which may be imposed under this section" for the words " a fine or imprisonment." It is to subject an offender convicted of absence without leave to a stoppage of pay each day he is absent, in addition to any other penalty.

Section agreed to.

On section 4—Time in permanent forces included.

Mr. LAPOINTE (Quebec East): The act as it stands says that the time served in the permanent forces of Canada may be included for purposes of pension in the term of service of an officer. This is to make it clear that the permanent forces shall include the Canadian naval and air forces as well as the military forces.

Mr. MITCHELL: Is there a similar provision for men, as well as officers?

Mr. LAPOINTE (Quebec East): Yes, there is a special section.

Section agreed to.

On section 5—Constable may be required to retire.

Mr. LAPOINTE (Quebec East): It is the intention under section 5 to make section 65 of the act harmonize with subsection 3(a) of section 66. Thus, when any constable has completed a service of twenty years or not less than ten years, and has reached the age limit, the commissioner may, with the approval of the governor in council, require him to retire upon the terms as to pension which are prescribed under the act. The former section was as follows:

When any constable has completed a service of twenty years, or has reached the age limit, the commissioner may,—

And so on. The purpose is to add the words "completed a service of not less than ten years," because that is the requirement in connection with pension.

Section agreed to.

On section 6—Certain constables pensioned may be recalled.

Mr. LAPOINTE (Quebec East): The purpose of this section is to repeal what has been changed under section 5.

Section agreed to.

On section 7—Time served in permanent forces included.

Mr. LAPOINTE (Quebec East): It is the purpose under section 7 to achieve the purpose pointed out by the hon. member for Medicine Hat, namely to apply the same rule to constables as to officers.

Section agreed to.

Bill reported, read the third time and passed.

BATTLEFIELDS COMMISSION

AUTHORIZATION OF PAYMENT TO COMMISSION OF $75,000 A YEAR FOR PERIOD NOT EXCEEDING TEN YEARS

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of Bill No. 53, respecting the national battlefields at Quebec.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Payment of $750,000 authorized.

Mr. DUNNING: As I explained in the discussion on the resolution preceding the introduction of the bill, the measure is introduced to extend for a further period of ten years the present provisions of the act with respect to the national battlefields commission.

Mr. WOODSWORTH: The national battlefields park is a dominion memorial. There has been considerable discussion lately in Quebec city with regard to a move to place in the park a new monument which has no connection with the purposes for which this memorial was created. I have had correspondence with several individuals in Quebec who have urged that the commission cannot be said to be carrying out its trust when it permits the battlefields park to be used in this way. It seems that recently an American lady offered to donate a statue of Joan of Arc which it is proposed to place in this park. Many people feel that this statue should not be placed on what is a Canadian historic site. I believe the case is fairly well put in an editorial which appeared in the Quebec Chronicle-Telegraph of March 25, a paragraph of which reads as follows:

Under these circumstances, the chairman and members of the commission, although it happens that most of them at present are residents of Quebec city, are trustees for the whole nation and are not justified in acting from any merely provincial or parochial point of view. It will hardly be pretended, for instance, that public opinion in Canada desires or would approve of the use of the park for the erection of monuments having no connection with Canadian history and of direct interest only to some particular section or group of the population.

By what process of reasoning, then, the commissioners can reconcile it with their duty to accept a monument of St. Joan of Arc from a private individual who is an alien citizen and resident, and erect it as a conspicuous feature of the park, we are at a loss to think.

The editorial goes on to state that an appeal has been made in vain to the commissioners with regard to this matter. I think it is only fair that the matter should be introduced into this discussion and the minister give an explanation as to why this action should be taken.

Mr. DUNNING: At a former stage of the discussion of this matter I was asked certain questions by the hon. member for Winnipeg North (Mr. Heaps). I have also received communications from various organizations. No application had been made by the commission for authority to erect anything of this nature and consequently it was necessary to make inquiries. I do not think I can do better by way of explanation than read a letter which I received from Sir George Garneau, who has been chairman of this commission for

thirty years. The letter is addressed to me under date of March 29, 1938, and reads:

I was informed of the debate which recently took place in the House of Commons when you moved that the house go into committee of supply to consider the resolution authorizing the payment to the commission of the sum of $75,000 a year, for a period not exceeding ten years from April the 1st, 1938.

Having read most carefully in Hansard the questions asked and answers given during this short debate, I feel it advisable to inform you immediately of the particulars concerning the valuable gift of a bronze statue of Joan of Arc; the work and conception of one Anna Hyatt Huntington, officer of the Legion of Honour; and offered and given to the commission by Mr. and Mrs. Archer Milton Huntington, of New York.

Acting under the terms of its charter, the commission gratefully accepted this donation; which being a gift entailing no expenditure did not, in our opinion, necessitate the approval and sanction of the governor general in council.

Were it not for the questions put to you recently before the house, I would have waited until a later date to acquaint you, in greater detail, of all that had transpired in the matter.

This equestrian statue of Joan of Arc, one and a half times life size, is the replica of those already erected at Blois, in France, and at Riverside Drive, in New York.

The offer of this statue was made to us in the first days of August, 1937. The gift comprised not only the statue, but its pedestal and base, as well as the expense of erecting it.

The donation was accepted by the commission at its meeting held on September the 2nd, and I then proposed the sunken garden as the most suitable place to erect the statue; as here it would enhance the beauty of the garden, without being directly connected with the historical portion of the park.

This sunken garden occupies a strip of land 540 feet by 140 feet. It is bordered on one side by Laurier avenue, a city street, and on the other by No. 1 driveway of the park. Being long and narrow, it has proved difficult to treat along the lines used in landscaping the rest of the park. The placing of the statue in this section would solve the difficult problem of decoration, and meet in part objections raised in certain quarters as to the advisability of erecting, in the battlefields park, the statue of a personage not connected with Canadian history.

It was with this object in view, and in the hope of eliminating all such controversy, that we made the choice of this site.

A meeting of the board was called on December the 17th when the commission, after due consideration of all factors concerned, resolved to maintain its previous decision and accept this munificent gift to the people of Canada.

The suggestion has been made that the Montcalm monument be removed from its present position and placed in the sunken garden and that this vacant site be occupied by the statue of Joan of Arc. This, in our opinion, would be quite unsuitable, as the small size of the Montcalm monument would be further dwarfed by the large area in which it would stand.

I confess that I fail to see how the erection of this statue can detract from the historical significance of the park. Joan of Arc died over 300 years before the conquest of Canada and her statue symbolizes the valour and patriotism of the men of 1759 and 1760, which we commemorate in the park.

My long association with the development of the battlefields park, covering as it does a period of thirty years may I hope give the assurance that in the opinion I have reached with my colleagues we have been moved only by the desire to accomplish satisfactorily the work entrusted to us; and, in the fulfilment of this duty, we have endeavoured to give to those who so generously contributed to this park a memorial worthy of our country.

I thought it well to place on record Sir George Garneau's answers to the questions asked when this matter was before the house on a previous occasion. Perhaps I could summarize by saying that the statue is being donated and will cost the national battlefields commission nothing; they will not even have to pay the cost of erection. As Sir George Garneau points out, the statue is not being placed in what might be termed the historic part of the battlefields park; in fact, it will be nowhere near the actual battlefield. It is to be placed just off one of the main streets of Quebec which borders the battlefield and will be between that street and number one driveway which gives access to the battlefield. After reading Sir George Garneau's letter I felt that no valid objection could be made to the acceptance by the commission of this gift and its erection in the particular spot to which it had been assigned.

Mr. LAPOINTE (Quebec East): Mr. Chairman, may I take this opportunity to pay a tribute to Sir George Garneau, the chairman of this commission, who has been giving most of his time without remuneration to the work of maintaining and improving something which is of great value to our country. Of course there is a board, but, as my hon. friends know, work of this kind is done by one man, and he has been devoting his energies to giving Canada a monument that shall be worthy of our country. I feel that we owe it to Sir George Garneau to express emphatically our appreciation when an occasion such as this arises.

Mr. CAHAN: Mr. Chairman, I heartily endorse the tribute to Sir George Garneau. I think the work which he and his commission have performed is a work of great historic interest to Canada, and the commission, and he as chairman, are entitled to our commendation. The question did arise in the minds of many whether the statue of Jeanne d'Arc should appear on a Canadian battlefield as

a figure of historic interest in that connection, but I have such confidence in Sir George Garneau that when he states, as he does in this report, that the statue is not to be erected on the historic battlefields site but in another portion altogether, so that the purport of its erection may not be misunderstood, it satisfies me and I think will satisfy the house.

Mr. MacINNIS: Is the place in the park where the statue is to be erected a part of the park that will be maintained with this donation from the dominion government?

Mr. DUNNING: I do not recall whether this edge of the park referred to by Sir George Garneau is part of the property originally acquired by the government many years ago, or a part that was given by the city of Quebec. In any case it is a part of the battlefields park—there is no question about that—but as I explained before, and as Sir George Garneau makes clear, it is just off a city street which borders the edge of the park and is not on the historic part of the area.

Mr. MacINNIS: I do not think the question where the statue will be erected has anything to do with the main question, which is that of establishing a precedent, and whether this is a statue that pertains to the historic battlefields of Canada. I claim it is not. Suppose it is erected, and then next year someone offers a monument of someone else, say William Prince of Orange; would that be erected in some part of the park?

Mr. DUNNING: The Minister of National Defence suggests Mary Queen of Scots.

Mr. MacINNIS: Possibly the Minister of National Defence would have no objection to that, but then again someone else might. A few years from now someone might wish to donate a statue of Lenin to be placed in the park. That is the difficulty we are getting into, and I suggest it is a wrong precedent to establish. There is an obvious religious significance attaching to this statue, and consequently I do not think this government is right in accepting it or allowing it to be placed in a park that is kept with dominion funds.

Mr. DUPUIS: Not even if there is plenty of room for your monument?

Mr. MacINNIS: That is all right, and I have no objection to having a monument of my friend placed there if he has any connection with the battlefields of Canada. But that has no bearing on this question at all.

Mr. WOODSWORTH: I do not wish to carry this any further, Mr. Chairman. I introduced this matter to get a statement from the minister. I do not think the statement from Sir George Garneau really covers the point. Sir George is obviously desirous of beautifying this park, and it may very well be that the statue which has been donated will do that. Personally I have very little use for war or war memorials, but I would say that the people of Canada, who are contributing these funds for the upkeep of historic monuments, ought not to be put in the position where they are practically giving away part of an historic site for the use of a certain number of individuals who for their own reasons wish to have such a statue as this erected. There are a great many very important people in Europe who have contributed enormously to western civilization, and I can quite understand that their memory should be perpetuated in this country. But that is not the point at issue. The question is whether public funds should be used—

Mr. LAPOINTE (Quebec East): They are not.

Mr. WOODSWORTH: Well, they are being used, because in the bill before us we are asked to donate public funds for the maintenance of this park, and a part of this park is to be used by private individuals for the erection of a monument which they seem to think it is desirable to have erected in the city of Quebec. The city of Quebec is a large city, and no doubt there are other places where the statue could be erected. Canada is a large country, and there are other parts of Canada where it could be erected. I do say that when we are here administering public funds we ought not to be asked to grant public funds for the maintenance of an historic site, and then allow that historic site to be used for another purpose. Hence I must protest against the passing of this bill.

Section agreed to.

Bill reported, read the third time and passed.

SHOP CARDS REGISTRATION

PROVISION FOR REGISTRATION OF DISTINCTIVE CARDS OF LABOUR UNIONS AND PREVENTING UNAUTHORIZED USE

The house resumed from Thursday, February 24, consideration in committee of Bill No. 22, respecting the registration of shop cards by labour unions—Mr. Rinfret—Mr. Sanderson in the chair.

Mr. RINFRET: I move, Mr. Chairman, that we revert to section 5.

Motion agreed to.

On section 5—Grounds for refusing registration.

Mr. RINFRET: When we dealt with this bill on a previous occasion all sections were passed but it was agreed to leave the bill in committee in order that an amendment might be introduced to allow an appeal from a decision of the minister refusing to authorize the registration of a shop card. The proposed amendment has been drawn and appears in the votes and proceedings of the 29th of March last. I will ask my colleague to move the amendment and to explain what it is.

Mr. DUNNING moved:

That section 5 of the bill be amended by adding thereto the following subsections:

"(2) If the minister refuses to authorize the registering of any shop card, the registrar shall refuse the application and shall give notice in writing to the applicant of his refusal and shall state his reasons for refusing to grant the application for registration.

(3) Upon the refusal of the registrar to grant, wholly or in part, any application authorized by this act to be made to him, the applicant may appeal from such refusal to the Exchequer Court of Canada within sixty days from the date upon which the notice of the decision was dispatched to the applicant by the registrar or within such further times as the court may allow, either before or after the expiry of the sixty days aforesaid.

(4) Notice of such appeal shall within the time limited as aforesaid be filed with the registrar and with the registrar of the Exchequer Court of Canada and a like notice shall within such time be given by registered mail to such unions as may appear from the register to be the proprietors of any shop cards which have been referred to by the registrar in the decision complained of.

(5) In any case in which by reason of the nature of the question presented by such appeal, the court considers that such question cannot be properly dealt with without public notice by advertisement or otherwise of the hearing of the appeal, it may direct such public notice to be given in such manner as appears to it to be necessary to bring the question raised to the attention of the persons whom it considers may be concerned or interested in the decision thereof.

(6) Subject to the direction of the court, any such appeal shall be deemed to have been abandoned if it has not been brought on for hearing within six months after notice thereof was filed with the registrar of the Exchequer Court of Canada."

Mr. STIRLING: Was this the point in which the hon. member for St. Lawrence-St. George was particularly interested?

Mr. RINFRET: No, not that one.

Mr. STIRLING: Because he has been called away to fulfil an engagement.

Mr. RINFRET: I am aware of that. But we may perhaps make at least a little progress with this matter. This amendment was asked for by the hon. member for Spadina (Mr. Factor) and agreed to by the leader of the opposition. Section 5 of the bill contains the grounds for refusing registration. One of them is:

If, in the opinion of the minister, the registration of the shop card is otherwise on public grounds objectionable.

The point was made that, in the same way as it applies in respect to trade marks and patents, an appeal might be granted to a labour union whose shop card is refused by the minister, and this amendment, which is comprehensive but reproduces practically word for word the phraseology of the Unfair Competition Act, provides for such appeal before the exchequer court in exactly the same terms as the other bill I have referred to.

Section as amended agreed to.

Mr. RINFRET: The preamble is all that is left now, Mr. Chairman.

On the preamble.

Mr. RINFRET: This relates to the point raised by the hon. member for St. Lawrence-St. George as to the validity of the bill. He suggested to the Minister of Justice that the bill be referred to the department for an opinion as to its validity. I will now read the memorandum submitted to the Minister of Justice and which has been transmitted to me:

Referring to the remarks of the Honourable Mr. Cahan at page 887 of Hansard for 25th February, 1938, to which you directed my attention, I have examined the provisions of Bill 22—"An Act respecting the Registration of Shop Cards by Labour Unions"— from the standpoint of their constitutional validity, and beg to advise you as follows:

I am of opinion that the bill is within the legislative competence of parliament. If the bill is regarded as dealing with trade marks, which I think it does not, its validity is supported by the reasoning of Lord Atkin in delivering the judgment of the judicial committee of the privy council in the recent reference as to the validity of the Dominion Trade and Industry Commission Act, 1935, and the more recent remarks of the Chief Justice and Mr. Justice Davis in the reference to the Supreme Court of Canada concerning the validity of three bills passed by the legislative assembly of Alberta.

I am of opinion that the purpose and effect of the bill is to vest in certain labour unions a copyright which they do not now enjoy, and

that the validity of the bill is supportable on the ground that it is copyright legislation within the meaning of section 91 (23) of the British North America Act.

W. S. Edwards.

Mr. STIRLING: The attention of the hon. member for St. Lawrence-St. George will no doubt be directed to this statement that the minister has read, and on the third reading he will have the opportunity of making any remarks he wishes to make.

Mr. RINFRET: Well then, the bill might be reported.

Bill reported.

PELAGIC SEALING

PROVISION FOR SANCTIONS FOR VIOLATIONS OF NORTH PACIFIC SEALING CONVENTION

Hon. J. E. MICHAUD (Minister of Fisheries) moved the second reading of Bill No. 98, respecting the North Pacific pelagic sealing convention.

Mr. A. W. NEILL (Comox-Alberni): Is the minister going to speak on this bill?

Mr. MICHAUD: Oh yes, in committee.

Mr. NEILL: Is the minister not going to speak on the second reading?

Mr. MICHAUD: Not unless I find it necessary.

Mr. NEILL: I was waiting to give the minister the courtesy to speak. I wish to say something. As the subject of this bill deals entirely with waters that lie off the district I represent, and nobody else, I think, handles it, it behooves me to take some interest in the matter, and in the past I have done so.

The purport of the bill might be best expressed by referring to the explanatory note on page 2. I may preface that by saying that the pelagic sealing treaty was enacted between the United States, Britain, Japan and Russia—Canada was a contributor by virtue of being at that time under the British government—in 1911, forbidding pelagic sealing except to some stated Indians under certain conditions. The explanatory note says this:

> The legislation adopted at the time—the Pelagic Sealing Act—contains no provision whereby such Indian or other aborigine could be penalized for violating this provision of the treaty.

I have read that explanation with a great deal of interest and pleasure, because I have been trying to tell the officials of the department that for the last nine months, and they have been sedulously denying it; and now, I think with admirable frankness, they have stated it in the explanatory note. The matter arises in this way. I will not go into details, but some man or some company with a very obvious axe to grind made representations to the government here that certain Indians were fishing illegally on the Pacific ocean, and the department in my humble opinion got stampeded and at once issued a most peremptory and, I think, ill-considered order that all skins were to be seized by the customs officers—who do not know anything about seals—provided not that they showed evidence of having been taken illegally, but that, they showed evidence of having been shot. There was a great deal of correspondence between the department and myself. The minister very kindly—and I now express my gratitude to him for doing so—gave permission and arranged that a case should be taken before the exchequer court. It is now before the court or in process of being brought there, so, the matter being sub judice, I will not go any further with the merits of that particular case.

As regards the bill itself, as amended it contains fourteen sections, but I fail to see that it leaves the matter very much clearer than it was to start with. I take exception more particularly to section 4, which says:

> The governor in council may make such regulations as may be deemed necessary for the purpose of carrying out the convention or for giving effect to any of its provisions.

That of course is a clause such as we find in many bills, but I do not think we find it under conditions such as depicted here; because whoever has the power to make these regulations is not going to make regulations, he is going to make a law. The whole purport of this bill is to put restrictions and penalties on Indians breaking the law in that regard. It is all going to be left to regulations made by the government; they may be wise or unwise, reasonable or unreasonable, but once made they are there, and the act says they shall have the full force of law. In a matter where the very purpose of the bill is concerned it is going to be done by regulation. I submit the greater features at least should be expressed in the bill itself.

Then we come to the other sections. They do not seem to agree. Section 5 says that anyone who breaks the treaty "shall be guilty of an offence against this act". Section 6 says something different. It says that if any person other than an Indian, etc., uses

a port or equips a vessel with the idea of going sealing illegally, he shall be liable to a fine, but does not state the amount.

Mr. MICHAUD: Pardon me; there will be an amendment to that.

Mr. NEILL: That is what I was wanting to hear; I thought the minister would explain it was a mistake. It was in the old act, but that it was wrong twenty-five years ago does not make it any better now. But under that section he will be liable to a fine or two years' imprisonment upon indictment, or on summary conviction to imprisonment or fine. This is what he is liable to get, on summary conviction, which means conviction before two justices of the peace, not sitting as police magistrates in a city, but away out in the bush on the Pacific coast, men who have been selected very often because it is necessary to have someone to sign papers and not for their legal knowledge or training. On summary conviction by two justices of the peace an offender will be liable to a penalty of $500—no minimum, and I know justices of the peace who have the idea that the maximum fine should always be imposed. The maximum is $500, and six months' imprisonment, no minimum; and further, the vessel and everything connected with it is liable to seizure and forfeiture. That is the result of committing an ordinary offence against the act. And the people who come under it, by virtue of section 5, and section 8 where Indians are concerned, are liable.

Here is the discrepancy: I direct the attention of the Minister of Justice to section 6, which provides a penalty, as I have already indicated, for anyone equipping a boat with the intention of going sealing. But subsection 2, which I think should apply to the whole lot, reads as follows:

> If any officer authorized by the Customs and Fisheries Protection Act to board and search is satisfied that there is reasonable cause for believing that a vessel has been or is being equipped contrary to this section, he may seize and detain the vessel and bring her for adjudication before the Exchequer Court of Canada on its admiralty side, or before any superior court in the province in or near which the vessel was seized.
>
> (3) The court may thereupon adjudge the vessel and her equipment to be forfeited to His Majesty. . . .

There is the difference. If a poor ignorant Indian goes out and takes a seal in the open sea in pursuance of immemorial custom he is liable to have his little boat and gear and everything he possesses seized and forfeited, not on the adjudication of the exchequer court, in which we all have the greatest confidence, but on the mere say-so of an officer as defined under the Customs and Fisheries Protection Act, which includes a fisheries officer. A fisheries officer is a man in the employ of the fisheries department, he may have been there only two weeks; he may be a political hack of the most obvious description and owe his appointment to that cause, but he has this power. I do not care what act it is in; I contend it is wrong, and that no one short of a court should have the power to declare the forfeiture of something on sight.

A clear case occurred two years ago in my own district in connection with the fisheries regulations. There was one of these absurd—I think I should rather call them infamous—sections, by which a man's boat worth perhaps $15,000 could be confiscated on sight by a fisheries officer. The man was charged with some comparatively trivial offence, such as fishing illegally in a certain place. The fisheries officer was told about it and went and seized his boat. It was quite illegal, because he had to do it on sight, and it was not done on his sight but someone told him of it. Before the case came up for trial—for there was a charge as well—someone enlightened the fisheries officer as to his error and he withdrew the confiscation. The man went on trial and was acquitted; he was pronounced innocent of any offence, yet if that fisheries man had happened to see the boat the seizure would have been legal and condemnation and forfeiture to the crown would have been legal. So we should have had the remarkable and utterly unjust situation of a man charged with an offence against the law, properly tried and legally acquitted, and yet unable except by mercy of the crown to get back his boat which had been seized.

The same thing exists here. It may be a case of a wealthy firm equipping a schooner; the boat can be seized by one of these subordinates, and that is all right, but he cannot condemn it; he can only bring it before the nearest exchequer court or superior court. But under section 8 this wretched Indian is liable to have everything he owns in the world forfeited on the say-so of someone who is described as a fisheries official. I submit it ought to go before a court in every case; let the man be prosecuted and brought into court, and let the forfeiture follow conviction. But to have a condition under which it would be possible for an innocent man to be acquitted but his boat previously forfeited is utterly intolerable. Section 8 says that the Indian who fishes illegally can have his boat seized by any officer authorized to board and search, and it shall be forfeited to his majesty.

That ought to be followed by the words "after due process of law" or something of the kind.

I have already referred to the severe penalty. You never make law good by making the penalties too severe. In almost every other act in connection with summary convictions you find—the Minister of Justice will correct me if I am wrong—that there is a minimum penalty provided so as to prevent ignorance or personal feeling operating to give a man a tremendous penalty, perhaps $500, for shooting a seal the skin of which may be worth $2.50.

Then section 5 provides that an Indian is not subject to the act if he has been engaged in pelagic sealing in convention waters in strict compliance with the stipulations of article 4 of the convention. Let us look at article 4. It says that:

> It is further agreed that the provisions of this convention shall not apply to Indians, Ainos, Aleuts, or other aborigines dwelling on the coast of the waters mentioned in article I who carry on pelagic sealing in canoes not transported by or used in connection with other vessels, and propelled entirely by oars, paddles, or sails, and manned by not more than five persons each, in the way hitherto practised and without the use of firearms.

Now there is a contradiction in law, and certainly in common sense. It was put in there by the British when they were drawing up the treaty nearly twenty-five years ago, and were not familiar with conditions on the Pacific coast and ocean. They drew it up wrongly. It says, "a way hitherto practised and without the use of firearms." I submit that the one contradicts the other, because the old way did permit the use of firearms. There is no question about that. I am thoroughly familiar with the subject; I lived there for many years; I was Indian agent and had to do with these Indian crews and sailing captains, and I have often heard them talk about it.

The course followed by the sealers was this: They used to be fitted out in Victoria in the early spring, probably in March. Then they went down the California coast and came up there. Very often they ran into Victoria to get fresh stores, and then proceeded up towards Bering sea, going up the west coast of Vancouver island. That is where they took the skins now in dispute, but for all that distance from the California coast up to Bering sea they were allowed to use shotguns. There is no question about that. They did not always do so; if they could use their spears they preferred to do so, since a seal that is shot is liable to sink.

Mr. REID: Might I ask the hon. member whether they were allowed the use of shotguns when the treaty was signed in 1911, forbidding the use of firearms?

Mr. NEILL: Yes, they were. The business had dwindled so much that there was very little done, but they were allowed the use of firearms outside Bering sea. When they reached that point the American or Canadian cutter came up and compelled them to seal their guns. If the guns had been illegal all along the cutter would not have sealed them up; it would have seized them, but they were allowed the use of firearms as far as Bering sea. Now the words are "as hitherto practised." If that is to be the policy they can use firearms now. If the intention had been to introduce something different from the existing practice they would have said "hitherto practised but without the use of firearms." They did not say "but"; they said "and," indicating that they thought there were no guns allowed on the coast at all. That was a mistake; the wording was erroneous, and it should be corrected now. There is provision under the treaty for conferences by means of which the various signatory governments can get together and agree on modifications of the treaty, and I believe that should be done. In any case I maintain that these Indians are entitled to go out and use a gun off the coast of Vancouver island, because that was the old way of getting the seals.

What was that provision put in the treaty for? The idea was that these were poor, uneducated Indians, unable to earn their living other than in the ways to which they were accustomed, and it was considered desirable to perpetuate the status quo and let them go on doing what they had been doing before. That is all I am asking. The language is capable of being interpreted in the other way, I admit, but I believe it should be interpreted according to what was evidently the intention of the framers of the legislation.

There is another point I should like to make; perhaps it is not quite so strong as this but still I think it is applicable. This treaty was negotiated twenty-seven years ago. At that time the idea was to rehabilitate the sealing industry, which had fallen to a very low level, owing to the methods of sealing in practice and the frequent poaching that went on. Sealing was practically nonexistent, and it was considered desirable to get together and draw up this treaty so that the herd could be built up. That was why they restricted the Indians to the old method.

But those conditions no longer exist, and I think we should move with the times and allow the Indians the same facilities we allow anyone else, twenty-seven years after the event. The seal herds have increased enormously under this protection, so much so that they are becoming a menace to salmon fishing on the Pacific coast. I have heard many people advocate that we denounce the treaty altogether and begin to kill the seals in the old way because of the enormous number of salmon they eat. Of course people who want to prove the opposite catch a few seals at a time and place when they know there are no salmon in the water. Then they triumphantly produce the stomachs of the seals and say, "These seals are not eating salmon; there are none in their stomachs." Of course there would not be any, because there were no salmon for them to eat. I remember an argument one time in regard to sea lions; it was said that only seaweed had been found in their stomachs, and it was argued that therefore they lived on seaweed. I suppose if they had found a piece of motor tire in the stomach of a sea lion they would have argued that they lived on motor tires; and that would have been possible, because old motor tires are used as fenders on many of the fishing boats.

I submit that there is no longer need to protect the seals, and that is an additional reason why we should not be too hard on the Indian. Then again, why should we not allow the Indian to use modern methods? In 1922 a royal commission consisting of members of this house went thoroughly into conditions on the Pacific coast. We found that on the Skeena river no one, white or Indian, was allowed to use a power boat. A fisherman was not allowed to have a little Evinrude or a little two horse-power engine to buck the tide; he had to use sails or oars. It seemed an extraordinary thing that people who were licensed to go fishing should not be allowed to do so in the most modern and appropriate manner. On investigation we discovered that the reason was purely a financial one. At that time the canners financed those people much more than is the case at present, and they foresaw that they would be up against buying engines for all these boats. So they violently objected to the use of engines, but we could not see that it was unreasonable or improper that a man who was licensed to catch salmon, who was restricted by closed hours, seasons and so forth, should be allowed to catch the fish in the most practical method possible. Therefore we ordered that they should be allowed to use power boats thereafter, and nothing in particular happened except that it was a great deal more convenient for the fishermen. I suppose going back to antiquity we can recall that members of parliament, if they existed in those days, used to blot their letters with sand instead of using blotting paper, and they made copies of everything by hand, just as the monks did, some of whom would spend half a lifetime writing one book. We do not need to do such things now; we have gone ahead with the times, and if we allow the Indian to catch seals I do not see why he should not do it in the most reasonable way and with the least effort possible.

As I mentioned before, article 16 of the treaty contains a provision whereby one or more of the parties concerned may ask for a conference forthwith between representatives of all parties to consider and agree upon a further extension of the convention with such conditions and modifications, if any, as may be considered desirable. So there is opportunity for this government, in agreement with the other nations concerned, to make such modifications as would meet the situation, without going to the extent of entirely denouncing the treaty. I submit that in fairness to these Indians that should be done. They are not represented by members here, but because they do not have members representing them they should not be penalized. In New Zealand, where there is a comparable race called the Maoris, they have four members to represent them in parliament, so their interests are well looked after. We should not discriminate against the Indian here. A white man who has a schooner and who proposes to go out sealing illegally cannot have his vessel seized until the matter has been disposed of by the exchequer court, but in the case of the poor Indian his vessel may be seized on the mere say-so of a man calling himself a fisheries officer.

I do not submit these views to the department in any spirit of antagonism at all, but I do hope they will consider these points when they are dealing with this matter later on.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Short title.

Mr. MICHAUD: As indicated in the explanatory note, this bill is for the purpose of amplifying a measure passed in 1913 which was passed in confirmation of the treaty entered into and signed in 1911 by Great Britain, the United States, Japan and Russia, regulating sealing in Pacific waters.

In 1911 Canada had no treaty making powers, and after the signing of the treaty the enabling legislation was passed by the British parliament. It was not until 1913 that this parliament passed legislation with a view to controlling natives who might fit out boats on the Pacific coast or along Canadian shores for purposes of fishing on the high seas. Since 1911 we have been operating under the legislation I have indicated; but last year, as has been pointed out by the hon. member for Comox-Alberni, a situation arose which, in my view, necessitated the revision of the then legislation. There was some room for difference of opinion as to whether or not we had the necessary machinery to punish those who violated the provisions of the treaty.

It mighlt be well for the committee to understand that through the treaty of 1911 Canada has relinquished any claim to property in the seals frequenting the waters. The United States claimed they owned a herd; Russia claimed they owned a herd, and Japan made a similar claim because, as was pointed out, the herds were found in the neighbourhood of islands within the territorial waters of those countries.

By virtue of our agreeing in 1911 not to interfere with the property of those countries with respect to seals, we are being allotted each year a certain number of skins, the valuable part of the seal. We receive a certain number of skins from the seals destroyed under the supervision of the governments of the United States, Russia and Japan. We receive those skins in return for helping those countries to protect the herds of seals by refusing rights to people from this country to fit out vessels on our shores and to go to sea hunting for seals, and for generally contributing towards the enforcement of the treaty.

The governments of the United States, Russia and Japan permit their natives to destroy or kill a certain number of seals each year, and under the provisions of the treaty we are granted fifteen per cent of the furs of seals killed by the United States, fifteen per cent from Japan, and ten per cent from Russia. Those skins are delivered each year at Victoria by the countries in question. The skins are sold at auction at St. Louis, Missouri, and London. From the sale of skins allotted to us we have derived $1,493,540.71 since the inception of the treaty.

The white people along the coast of British Columbia have not participated in the killing of seals, but under article 4 of the treaty the aborigines or Indians along the coast are allowed certain privileges. In 1936 the proceeds from the sale of skins from animals caught by them amounted to $1,888. In 1937 their share, according to departmental statistics, amounted to 2,671 skins.

Mr. BENNETT: What happened to the proceeds of the sale of skins?

Mr. MICHAUD: It goes into the consolidated revenue fund. It is not administered by the department, and is not charged against departmental expenditures. My information is that since 1911 payment has been made into and made part of the consolidated revenue fund of Canada.

I find that the skins are sent either to London or to St. Louis, depending upon the state of the market. I am informed that these are the two great fur markets of the world. The furs are sold at auction and the proceeds are paid into the treasury of the dominion.

Mr. REID: Does that take place in regard to skins from Russia and Japan?

Mr. MICHAUD: Yes; that is my information. I know that has happened in the last two years, and records of the department show it happened before that time.

Mr. BENNETT: Do we take the skins or cash?

Mr. MICHAUD: In the last few years we have taken the skins, but I am informed that prior to that we took cash. I am informed that for some years the skins have been delivered at either Victoria or Seattle. Russian and Japanese skins are delivered at Victoria, and the share contributed by the United States is delivered at Seattle.

Mr. NEILL: Has Japan given her share in recent years? I think not.

Mr. MICHAUD: I believe so.

Mr. NEILL: I think not.

Mr. MICHAUD: I think so. We take the word of the governments of those countries, and I do not know of any investigation being made to ascertain whether or not we were getting exactly the proper number.

Mr. NEILL: My impression is that in the last two or three years the Japanese have not paid their share. If I am wrong, I am ready to apologize, but the minister ought to know.

Mr. MICHAUD: I may be wrong, but I understood the difficulty was with Russia, that they had been late in making returns in one or two years. However, I am not positive about that. It may be that Japan delayed in

making her returns, but I doubt it. My information is that they have made returns regularly. However, I shall find out and give this information to my hon. friend as it appears on the records of the department before we finish discussing this bill in committee.

The hon. member for Comox-Alberni has complained that this bill contains more clauses than the original act. This is necessary in order to administer the legislation. It was found advisable to provide in the bill for the necessary machinery to administer the act as it should be administered. The original act passed in 1913 implemented the provisions of an order in council passed by the British government. At that time it was thought that the fisheries legislation provided the necessary procedure and machinery to enforce the provisions of the act. This matter was looked into after the hon. member directed the attention of the department to the anomalies of which he complained. It was suggested that in order to remove all doubt the act should be recast and the necessary provisions included to cover all cases as they might arise.

Section agreed to.

On section 2—Definitions.

Mr. NEILL: There is an obvious mistake in spelling in the fifth line. "Fur sales" should read "fur seals." Will the minister correct that?

Mr. MICHAUD: Yes.

Section as amended agreed to.

Section 3 agreed to.

On section 4—Regulations by governor in council.

Mr. NEILL: Could the minister give us some information as to what he proposes to do with regard to issuing regulations?

Mr. MICHAUD: The regulations will provide the means for properly marking and identifying skins taken legally by Indians. These provisions exist already.

Mr. NEILL: Where?

Mr. MICHAUD: The regulations were passed not long after the 1913 legislation. The department has been administering the law under the provisions of those regulations.

Mr. NEILL: I understood that there were no regulations.

Mr. MICHAUD: Oh, yes.

Mr. NEILL: The explanatory note states that the legislation adopted at the time contains no provision whereby they could be penalized.

Mr. MICHAUD: No provision.

Mr. NEILL: You are providing regulations to penalize them.

Mr. MICHAUD: My hon. friend should remove from his mind any thought that the object of this bill is to penalize anyone. The idea of the bill is to enforce the provisions of a treaty which we have bound ourselves to observe and enforce. The object of the bill is to make it easier for the people to observe the law and for the department to enforce it. There will be regulations covering the issuing of certificates and the declarations to be made by those who purchase skins. All these matters have been covered by departmental regulations.

Mr. NEILL: Under what legislation were they made?

Mr. MICHAUD: Under the provisions of the treaty.

Mr. NEILL: Of the treaty?

Mr. MICHAUD: Yes.

Mr. NEILL: It states here that every regulation shall be published in the Canada Gazette. Were the regulations referred to by the minister published in the Gazette?

Mr. MICHAUD: I cannot say.

Mr. NEILL: I have never seen them.

Mr. MICHAUD: It was before my time.

Mr. NEILL: Is not this the situation? There has not been the least attempt made to put any penal clauses in the act. I think we might as well admit that and then go on. My contention is that there were never any regulations which were legal in the sense of having been gazetted. I think it will be found that the deputy minister, or an assistant deputy minister, wrote to the customs people and asked them if they saw any skins which they did not like the look of to seize them. I have seen those instructions. I did not think this matter would come up in this shape and I do not have them under my hand. I am very much of the opinion that they were not in the form of regulations; they were in the form of a letter from the deputy minister, or with the authority of the minister, to the customs people, asking them to detain any skins which they had reason to believe had been obtained illegally. Those instructions were concentrated, so to speak, at Victoria.

Apparently it has now been discovered that those instructions did not have the force of law. Last July the deputy minister made an attempt to enforce them, but he found that he had not anything to enforce. The customs people seized some skins on his instructions, but the people who owned the skins asked for their authority. There was no authority, and this legislation is the outcome. I say that we should forget the past and deal with the future. What kind of regulation has the minister in mind with regard to inspection? These skins should be inspected by some one readily accessible to the Indians. The skins ought not to be sent to Vancouver or Victoria, as at present. They ought not to be inspected by customs officers who may not know whether they are seal or lion skins; they should be inspected by some officer of the department having knowledge of fishing, by somebody who knows something about it, and if possible always the same officer in the same district. It is a comparatively small district, and a couple of customs officers might do the work, but fisheries inspectors would be much better. They are capable men and maintain a continuity of policy, so to speak, and they would come to know by practical experience whether a skin was illegally shot. It is quite simple for anyone to break the law by coming along in a canoe and taking a 32 rifle and shooting, and the temptation would be to shoot the seal, and then poke a spear through the hole made by the shot. Now it is alleged they go and shoot them with shotguns. But I doubt that. The Indian is not a fool. He may be a lawbreaker. But every time you use buckshot it makes the skin less valuable; the Indian would be penalized when he sold it, and it would be obvious on a cursory inspection that the seal had been shot. I cannot believe the Indian would do that.

But these men say: Yes, here are these skins with shot-holes in them, and therefore the seals must have been shot. That is what the case turns on that is now before the exchequer court. There may be buckshot holes in them, but that does not prove that they were illegally shot. I was in the butchering business at one time, and I have killed cows that had a lot of small shot-holes in their skins because some indignant gardener had fired at them. It is a well known fact that the white fishermen who go out trolling for salmon get so mad pulling up their lines and finding nothing but heads on them that they take a shotgun and fire at a seal if they see one, not to kill it, but to scare it away, to keep it clear of their lines. It is quite possible that some of these skins might have been shot in that way, and later on have been speared legitimately. Therefore I say this legislation should be administered by somebody who knows these things. It does not follow, because there is a buckshot hole in the skin, that therefore the poor Indian is responsible. I have seen hides of cattle with holes in them as big as your thumb due to an insect called a warble that makes a hole like a bullet hole. Is the minister going to arrange for some practical men, some persons easily accessible to the Indian, to do the inspecting, and will there be some method of marking the skins so that if an offence has been committed you can get back to the real sinner?

The exchequer court case is that of a storekeeper who bought the skins and paid cash for them to the Indian, and as you never can get cash back from an Indian, the storekeeper is now confronted with the loss of the skins. You cannot say whether the skins were shot illegally or not. The department should have said that in future the purchaser must be more careful, and the department then have legislation such as this passed. Is it the intention to proceed along these lines that I have been suggesting?

Mr. MICHAUD: Certainly. The object of this legislation is to remedy the situation which has just been described by my hon. friend and to obviate the difficulties which have arisen in the past year. The regulations which it is proposed to make under this legislation will meet the situation described by my hon. friend.

Section agreed to.

Section 5 agreed to.

On section 6—Use of Canadian ports for equipping vessels for pelagic sealing prohibited.

Mr. MICHAUD: There is an amendment, Mr. Chairman, to add after the word "fine" in line 8 of the section the words "not exceeding two thousand dollars."

Mr. RINFRET: I move accordingly, Mr. Chairman.

Mr. NEILL: A pretty steep fine for an ordinary offence. After all, it is not murder.

Mr. MICHAUD: It says "not exceeding," and it may be only one dollar.

Section as amended agreed to.

On section 7—Importation or possession prohibited.

Mr. NEILL: There is a word misspelled in line 37 on page 3 of the bill.

Mr. MICHAUD: Yes, the word "otherwise." That will be corrected.

Section as amended agreed to.

On section 8—Pelagic sealing by Indians.

Mr. NEILL: I would like to renew the appeal I made a short time ago. Why not put the Indian on the same footing as the large vessel owner? You cannot seize the big man's vessel without going to the exchequer court. Why not insert the same provision in section 8 as regards the Indian, and have the same process of law? It is against common sense—I do not know about law—for the reasons I have already given that it should be possible for a fisheries official, a man without any legal training whatsoever, to confiscate a boat, and then afterwards it may be discovered that the man was innocent of the crime for which the boat was seized and confiscated. Those are the words used at the top of page 4. The boats may be seized by any officer and shall be forfeited to his majesty. I suggest that the Minister of Justice should have inserted a provision that the case should go to some competent court.

Mr. MICHAUD: My hon. friend should take cognizance of the difference in the size of the penalty for those prosecuted under the provisions of section 6. Section 6 reads:

If any person (other than an Indian or other aborigine in respect of the exercise of the privilege reserved by article 4 of the convention) uses any port within Canada for the purpose of equipping any vessel intended to be operated or used for any purpose whatsoever connected with the operations of pelagic sealing—

And so forth. That would be persons who were operating a large vessel. It would be valuable property which we would not allow an ordinary officer to seize and forfeit to his majesty without process of law. But section 8 deals with the Indian who generally operates in a canoe.

Mr. NEILL: No; you would not be seizing it if it were a canoe.

Mr. MICHAUD: In a canoe or other vessel. It is generally a small craft that the Indians use for this work because they know they are violating the law and they try to conceal their method of operation as much as possible. The value of the property is not such that we should place the offender in the position of having to defend forfeiture proceedings, incurring a large amount of costs, and the same with respect to the department in prosecuting.

Mr. NEILL: I would not insist on the case going to the exchequer court because that is an expensive proceeding, but it should go to any superior court such as the county court. I wonder where our Cooperative Commonwealth Federation and communistic friends are to-day. They would have just heard a pronouncement that will ring throughout Canada, that if a large vessel is seized the case must go to the exchequer court, but if it is only a small vessel, worth only $1,000 or so, owned by an Indian, it can be confiscated on sight. That is a terrible position to put this parliament in. My protest is registered against that proceeding. What I have said cannot be gainsaid.

Mr. STEVENS: I agree with the hon. member who has just spoken. This is a serious matter to an Indian or one operating a small vessel. The vessel is likely to be of some value, in fact a very great value to the Indian; it will be one that can go to sea and will probably be equipped with a gas engine; probably it will represent almost the entire possessions of the Indian. May I suggest to the minister—and I should like the Minister of Justice to listen to this suggestion—that at the end of clause 8, instead of saying—

. . . may be seized by any officer authorized under the Customs and Fisheries Protection Act to board and search, and shall be forfeited to His Majesty.

—words should be used somewhat to this effect:

. . . shall be held pending the decision of a court in the matter.

The Minister of Justice could easily frame something of this kind. The idea is to give the seizing officer only the right to hold the vessel in order to hold the man. I quite understand that if an Indian, having been arrested for this offence, were allowed to go with his boat, it might be difficult to find him again, but the vessel could be held pending the determination of his guilt. It will be noted that in section 11 penalties are provided for violations of the act, so that there is no need to insert in this clause an added penalty against the Indian by the seizure of his vessel. I agree with the hon. member for Comox-Alberni that it is more serious to an Indian to lose his vessel than it would be to a group of individuals in the form of a company who have equipped a

vessel for such a purpose. I know how this all arises. In days gone by—and I remember it very well, thirty-five or forty years ago—it was one of the glorious practices of seafaring folk on the Pacific coast to equip vessels, as dozens of them did in Victoria and some at Vancouver and other places, and go out poaching and killing seals. It was a real thrill to the men who operated those vessels. I knew some of them well. One whom I knew personally very well indeed was the "Sea Wolf," and one could not help but admire the spectacular type of individual he was, but he was utterly unscrupulous so far as poaching seals was concerned. A law that provides against the equipping of vessels under such circumstances is quite right; but where an Indian goes out and is tempted to kill a few seals, although I am not condoning the offence, to take from him his whole livelihood on the say-so of an officer authorized under the Customs or Fisheries Protection Act is giving to that individual a power and a right which I do not think should be given to any individual. So I suggest to the minister that the words as printed be struck out and that there be substituted the power to detain or hold the vessel.

Mr. MICHAUD: Yes; I agree—

Mr. BENNETT: I think there will be found in the Nadan case a somewhat similar provision. A confiscation is a judicial act. In the Nadan case liquor was being carried in an automobile from British Columbia into Alberta and across to Montana, and the statute contained a provision that the magistrate should have authority or jurisdiction to declare the automobile and the contents forfeited to the crown. All that is necessary in this case is to clothe the stipendiary magistrate, or the judge of the county court if there is one resident nearby, with the same authority as the provincial act clothed the magistrate within the Nadan case. In that case confiscation was held to be within the powers of the magistrate in view of the provisions of the statute. All that it is necessary to do is to provide that it shall be the result of a judicial hearing and not an arbitrary exercise of judgment by an individual.

Mr. LAPOINTE (Quebec East): Possibly the words could be inserted which are used at the end of section 9:

. . . shall be liable to forfeiture to His Majesty.

Mr. BENNETT: And then say how.

[Mr. Stevens.]

Mr. LAPOINTE (Quebec East): Instead of saying "shall be forfeited." And then say how,—yes.

Mr. BENNETT: I think the clause would have to be recast to provide the name of the judicial officer who would exercise the judicial power of determining the forfeiture.

Mr. LAPOINTE (Quebec East): Yes.

Mr. BENNETT: This confiscation or forfeiture should be a judicial act and not an arbitrary discretion exercised by an officer. That is the general principle which underlies these decisions.

Mr. MICHAUD: Yes. The proceedings against violators of section 8 will be generally summary proceedings. If the committee will allow this section to stand, I shall try to have it recast so that it may include this provision, making the boat or vessel liable to forfeiture by the tribunal before which the person will be tried.

Mr. BENNETT: And name the tribunal.

Mr. MICHAUD: And name the tribunal.

Mr. STEVENS: I think this requires a little more thought. If the clause is merely revised in the way the minister suggests I fear the court will conclude that if a man is guilty this forfeiture must follow. It should be made clear that forfeiture should follow only in a very flagrant case. The fact that a man shoots a seal is not cause enough to forfeit the means of his livelihood. That point should be safeguarded. Let me give an illustration which I think is in point although it is not in regard to pelagic sealing. Two men, father and son, owned a gas boat on the Pacific coast with which they earned their livelihood by doing a little work along the coast. A fellow borrowed the boat and "ran" some liquor. This happened a few years ago when that practice was being indulged in. The customs officers seized and sold the boat; the owners, although entirely innocent of any offence, lost their means of livelihood. My point is that before taking a boat away from a poor man we should be convinced that the offence warrants so extreme a penalty. I suggest that the minister pause over the dinner hour and consider some provision which will fit the case.

Progress reported.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

NIAGARA FALLS OBSERVATION BRIDGE COMPANY

The house resumed from Friday, April 8, consideration in committee of Bill No. 15, to incorporate the Niagara Falls Observation Bridge Company—Mr. Damude—Mr. Sanderson in the chair.

On section 8—Power to construct bridge.

Mr. LOCKHART: I do not propose to say anything further at length in connection with this bill, but there are one or two points to which I wish to make brief references. I refer to page 2176 of Hansard of April 8, where a reference was made by me to an item which appeared in the Niagara Falls paper, and which I called to the attention of the hon. member for Welland (Mr. Damude). I read the item and asked the hon. member whether the statement was correct. The article said that I had made some protest against the expenditure of $90,-050 to build the river road and that I was the only member who objected to this. I should like to ask the hon. member whether that statement was correct, or if he has made inquiry, as I asked that he would.

Mr. DAMUDE: I did not make that statement. Of course I have no jurisdiction over other people who may have made such a statement. I had no knowledge that this matter was brought before the city council, and did not make the statement.

Mr. LOCKHART: Then the statement is not correct? I did not oppose any resolution of yours for $90,050?

Mr. DAMUDE: As far as I am concerned it is not correct.

Mr. LOCKHART: I thank you. I do not intend to bring down another thirty or forty letters which I have received since the Easter recess, as it is not my intention to take up the time of the committee, but I want to verify a statement I made in connection with the taxpayers' claims. There was an assurance given to the taxpayers of Niagara Falls I believe by one of the members of the Niagara Falls hydro commission, saying that the taxpayers were protected. Might I ask the hon. member for Welland if any further assurance has been given the taxpayers of Niagara Falls since the discussion before the Easter recess? I am still receiving letters asking that something be done in that connection.

Mr. DAMUDE: As I pointed out on a former occasion—and I think the statement is correct—this bill makes no provision for taxation, which is under the control of the provincial legislature and the municipal authorities of Niagara Falls. I have made no further statement, and if any member of the Ontario hydro commission has made any further statement it is not within my knowledge.

Mr. LOCKHART: I appreciate that very much, because there seems to be an impression, as I gather from the inquiries brought to my attention, that they are expecting some assurance of some kind. The taxpayers are still concerned about that point.

Another point to which I want to refer is in connection with numerous inquiries I have received from taxpayers relative to a meeting that was to be held on March 26, a few days after the bill was passed in the special committee of this house. There still appears to be a feeling among those who have communicated with me that that meeting should have been held. It was to have been a joint meeting of the chamber of commerce, the Niagara parks commission, the city council, representatives of the International Railway Company, the Hon. Mr. Houck and the hon. member for Welland, to discuss the question of arrangements acceptable to the ratepayers of Niagara Falls. I have not had opportunity of making any definite inquiries; I am going only by the letters I have received asking about that meeting. I would ask the hon. member for Welland whether that meeting has been held or if any arrangements have been made or are intended to be made for the holding of that meeting.

Mr. DAMUDE: I seem to be under cross-examination to-night. I have never refused to meet any body of citizens of the city of Niagara Falls, and if there has been any cancellation of any meeting it has not been my fault. If the meeting has been deferred, this has been done by other people or organizations, not through any fault of mine.

Mr. LOCKHART: I appreciate that assurance. I do not want the hon. member to feel that I am making this a personal matter with him; but I am trying to get information, as there are fifteen or twenty of these letters from citizens of Niagara Falls, to which I still have to reply. I do not feel that the hon. member for Welland is responsible in any way; nevertheless he sponsored this bill and so I suppose I have to look to him for information. I am definitely assured

that if some protection such as I have suggested could be given, protection similar to what was given in connection with the Buffalo-Fort Erie bridge, or such as was set forth in the resolution sent to the Prime Minister of Canada in connection with that bridge, I think the people of Niagara Falls would be only too happy. There is no question that they need a bridge, with the tourist season coming on; but they do resent the fact that a bill was presented in this house providing for an expenditure of $7,500,000 and that by a stroke of the pen we were able to take off $3,500,000 at the start; they are wondering whether it would not be possible to reduce it to the amount in the bill brought into the New York state assembly, which was $3,000,000. They are continually asking me these pertinent questions. I assure the hon. member for Welland that I appreciate his frank admission absolving me from any intention of trying to stop anything he may want to do in the house. Now I shall make it my business to check up with the members of the Niagara Falls council.

That is all I have to say, Mr. Chairman. Any remarks I have made have been on behalf of the taxpayers of Niagara Falls, who have gone through a very serious period of stress and strain, even to the extent of having to appoint a city manager. That, of course, is no disgrace. Many cities in the Dominion of Canada and the province of Ontario went through the same difficult situation. But I agree with the ratepayers of Niagara Falls that the way the bill was handled in this house, the way it was promoted and the way it was lobbied and subsequently cut nearly in half, were enough to make the taxpayers of Niagara Falls feel a little suspicious, and they appealed to a source from which they thought they might get some information.

Mr. LENNARD: Earlier in the debate the hon. member for Welland stated that he had been assured that there would be no loss of taxation to the citizens of Niagara Falls through the passing of this bill. Would the hon. member state where he got his assurance and what that assurance was?

Mr. DAMUDE: My assurance, of course, was that the province of Ontario setting up an authority, in conjunction with a like authority in the state of New York, would permit taxation in connection with the bridge by the municipalities of Niagara Falls, New York, and Niagara Falls, Canada.

[Mr. Lockhart.]

Mr. BENNETT: Mr. Chairman, since this house has had to consider this measure the members of this committee have been attacked from outside this house. It has been charged that we have been derelict to our duty in connection with this legislation. No self-respecting member of this house can allow any such statement to be made without resenting it. Therefore I made it my business during the holiday to study this measure and give it such attention as my capacity permitted, and I propose to oppose it and to give my reasons for doing so very carefully and very fully. I do not propose, so far as I am concerned, that the House of Commons shall be overawed or threatened by any person, whoever he may be or however high may be his position, with respect to legislation pending in the house. It is a pretty day indeed when members of this house can be charged—as we have been— with having lost to the province of Ontario large sums of money per day, because members saw fit to examine into the legislation which was submitted for our consideration.

It might be well to deal with the matter very frankly and fully so that there may be upon the records of the house a permanent memorial as to what has transpired. When this bill was first promoted, according to the advertisements in the Gazette and in the local newspapers, the international railway bridge was in existence. I have heard that bridge referred to in this house as the "honeymoon" bridge, but in fact it was a bridge built by an international corporation under authority of the appropriate bodies, namely the parliament of Canada and the United States of America. In January last that bridge was destroyed by an act of God, and those who were the proprietors of it have the right to reconstruct the bridge. They are preparing their plans and hope to have the bridge completed by the end of 1939.

Mr. GRAY: Have they the right to construct it without coming to this house?

Mr. BENNETT: They are advised that they have that right, and I am advised that the hon. gentleman as a lawyer must know that.

Mr. GRAY: It is debatable.

Mr. BENNETT: In the opinion of some eminent counsel it is not even debatable. I do not express any opinion myself, for it is not necessary that I should. I am only saying that my investigations have satisfied me that steps are being taken to reconstruct that bridge; that plans have actually been

prepared to a considerable extent, and that it is expected that the structure will be completed by 1939. Right here may I point out that the other evening the hon. member for Peterborough West in this very chamber asked the members of the committee to believe that the United States authorities had given their approval to the construction of this bridge. Not only is that not true, but the bill was rejected, and the governor of the state is reported as having said that he will never sign that bill as long as this international company have their vested rights unprotected. Then why should we pass a bill?

Mr. McLARTY: Did not the hon. member for Peterborough West state during the debate that he had a copy of the bill which was proposed in the state of New York?

Mr. BENNETT: I shall read what he said, which appears at page 2173 of Hansard:

Mr. Duffus: This is the fifth occasion on which this matter has come before the committee. I have in my hand a copy of Bill No. 15, to incorporate the Niagara Falls Observation Bridge Company, and also a draft copy of the United States act dealing with the same matter. I wish to refer to the discussion which has taken place on the bill, and it is not my purpose to take up the time of the committee talking about the people of the United States or Canada.

Mr. Bennett: Did the hon. gentleman say that there was a United States act? My information was that they declined to pass it.

Mr. Duffus: I said I have a copy of it.

Mr. Bennett: That is the one which was introduced, but it was not passed.

Mr. Duffus: May I say I have listened to the discussion of this important international matter, and to say the least I am amazed to note that the objections have emanated almost entirely from one group in the house.

Mr. McLARTY: Is not my right hon. friend drawing an inference?

Mr. BENNETT: That statement was calculated to do just one thing and nothing else—to leave the impression with the house that the United States had agreed. When I asked the hon. gentleman if he did not know that the bill had not been passed, what did he do? Is he here? Let him answer.

Mr. McLARTY: May I suggest to my right hon. friend that the difference between a bill and an act might not be completely clear to a lay member of the house. My right hon. friend is drawing an inference that I question very much.

Mr. BENNETT: I am not drawing an inference at all; I am only saying that the speech speaks for itself. It should be made known at once to the house that the United States, as represented by the state of New York, has declined to proceed with legislation similar to that before us; that the governor gave a reason, and that the reason was that the vested rights of another company should not be disregarded, they being now in the process of converting those rights into a new bridge. Whether or not this may eventuate I cannot say; but one thing is perfectly obvious and it is this: This country should not be incorporating a company to construct a bridge when the country with which it must connect has declined to do so, for we would have but a structure hanging in the air. Then why the hurry? Why are we doing this?

Let us take the second point. It is alleged that the province of Ontario is behind this measure. If that is so, why did the responsible ministers not become the incorporators? The other night the Minister of Transport said there was some difficulty about a province doing this. Of course there is; but there is no reason why the responsible ministers should not do it, as persona designata, as minister of public works, treasurer and minister of highways, etc. They could obtain incorporation for the purpose of enabling the province to deal with the situation.

Let us go a step further. I wonder if the government—I heard the Minister of Transport speak the other night—has ventured to read the bill that was sought to be put through this house. I do not believe the province of Ontario is so lost to public shame as to endeavour to put through this parliament Bill No. 15 as it was originally offered to the house. I cannot think any government would try to do it. I wonder how many members have read that bill, which was offered to this house, in the terms in which it appeared. Here are a number of gentlemen being incorporated to do what?—to construct a toll bridge across the Niagara river, an international stream, and the works are declared to be works for the general benefit of Canada. That divests the provincial legislature of all control. That is not my say-so. That is the decision of the courts.

In their original bill they say, in section 2, that "the works and undertakings of the company are hereby declared to be for the general advantage of Canada." That certainly places some obligation on the government of this country, because a declaration that a given enterprise is a work for the general advantage of Canada is something with respect to which the government of the day usually exercises its control.

It has not been usual in this country for a private member in a private measure to

declare that a work to be constructed is for the general benefit of Canada. There are instances, of course, in which this has been done.

Mr. GRAY: It has been so declared in all international bridge bills.

Mr. BENNETT: That was done by act of parliament.

Mr. GRAY: And introduced by private members.

Mr. BENNETT: Yes, certainly. Governments do not usually introduce this type of private legislation. But it is usual for the government in some way to intimate its view as to whether or not a given enterprise should be declared to be a work for the general advantage of Canada.

I assume from what was said the other evening by the Minister of Transport that he does regard it as a proper exercise of that power, and that therefore the government is agreeable to this bridge being declared to be a work for the general benefit of Canada. But, Mr. Chairman, just let us look at what the original bill says. It is said the province of Ontario is promoting this; remember that. This is what they are promoting, under section 4:

> The capital stock of the company shall be five hundred thousand dollars of common stock divided into shares of one hundred dollars each and may be called up by the directors from time to time as they deem necessary.

Just turn over the page and look at the powers given. The amazing thing is that under section 13 they are given power to issue that stock—in payment for what? Let us look at it. Where are my friends who have cried aloud about watered securities? Where are my friends who have talked about the iniquity of these enterprises being created with stock handed out to promoters? Let us look at section 13:

> 13. Subject to the provisions of the Companies Act, the directors may issue as paid-up stock shares of the capital stock of the company in payment of any business, franchises, undertakings, rights, powers, privileges, letters patent, inventions, real estate, stocks, assets and other properties which the company may lawfully acquire, and may for such considerations allot and hand over such shares to any person or corporation or its shareholders or directors; and any such issue or allotment of stock shall be binding upon the company and such stock shall not be assessable for calls, nor shall the holder thereof be liable in any way thereon; or the company may pay therefor wholly or partly in paid-up shares or wholly, or partly in bonds and debentures or as may be agreed upon.

[Mr. Bennett.]

If we take those two sections together, I just ask this committee whether or not they think the province of Ontario would put itself behind that legislation? Take those two sections and read them; see what they mean and, knowing what we do about company practice, as it is reported in the courts of the country, and in the cases, just ask that simple question.

We leave that; for when the bill went to the railway committee, it was not prepared to adopt that view, and they reduced the capital stock to $500, or five shares of $100 each. Under ordinary circumstances any promoters who came to this parliament with a proposal asking for the issue of $500,000 worth of capital stock for the company, and providing for its disposition in the manner indicated by section 13, and who went before the committee and agreed to reduce that to $500, would not get very far; for it is the same promoters.

The provision as to its being work for the general advantage of Canada still prevails under section 2 of the bill which came from the committee. So I find myself, as a member of the House of Commons who is being attacked because I ventured to say half a dozen words about this matter, now asked to give my approval to legislation incorporating an enterprise which the United States government, as represented by the state of New York, has declined to sanction, approve or recognize; I am asked now, in advance of any such action being taken, to approve this incorporation with a capital of $500. Either one of two things must be apparent to every thoughtful member of the committee. Either the $500,000 was intended as a steal, or the $500 does not represent anything. Which is it?

All I can say is this, that the bill as originally introduced in the house is just the kind of measure that has been introduced by every promoter who is getting a franchise to sell.

Mr. DUNNING: That is not what we are discussing now.

Mr. BENNETT: That is what I am discussing, if the minister will permit me to say so.

Mr. DUNNING: It is not what the committee is discussing.

Mr. BENNETT: I am discussing that for the moment and within my rights. The hon. member may think he may associate himself with one who attacked this house from outside. But I am going to deal with this

measure under the sections with which we are dealing, and shall point out why we should not approve this section, because of the endeavour on the part of promoters to foist this scheme upon parliament and, when they fail, to offer us a new scheme, cutting the capital of the company to $500, to build an international bridge.

Mr. GRAY: Would the right hon. gentleman permit a question? I hesitate to interrupt; but is he aware that the promoters also agreed and filed with the committee an agreement by which they agreed to transfer all their assets to the Niagara parks commission for the sum of one dollar, and therefore stepped completely out of the picture?

Mr. BENNETT: That, if it had any validity, would be in the bill. It is not binding upon anyone; it is just the old promoters' trick. What is more, the books are full of the very same cases, the very same thing. Let it be written in the bill; that is the place where it should be written. If this is, in reality, what it is said to be, why did the commission not apply for the bill?

Mr. YOUNG: Apparently they have not the right to.

Mr. BENNETT: Yes. I pointed out that it is not in any sense derogatory to the dignity of the minister of public works or the minister of highways, or whoever it may be, of Ontario, to apply for a charter for something the province of Ontario wants.

Mr. YOUNG: May I suggest to the right hon. gentleman that was the point upon which I, too, felt somewhat keenly. The committee, on my suggestion, asked the deputy minister of justice for a ruling, and we have his opinion in writing stating that that could not be done; otherwise that would have been in the bill.

Mr. BENNETT: What could not be done?

Mr. YOUNG: That either the government of Ontario or the Niagara parks commission, acting for the government of Ontario could not be named in the bill.

Mr. BENNETT: Who gave that opinion?

Mr. YOUNG: The deputy minister of justice.

Mr. BENNETT: Is it in writing?

Mr. YOUNG: Yes.

Mr. BENNETT: I should like to see it; for, high as my opinion is for the deputy minister of justice, I know he never gave an opinion that individuals who constituted a government, to the number of three, could not apply for a charter, if the province of Ontario wanted it. They do it. As I say, the minister of public works, the minister of highways, whoever it may be, three of them, might apply for an act. That is all there is about it. There could not be any question about that. I should like to see that opinion and I would thank the minister for it. If that is the sort of opinion we are getting on other matters; if those opinions are no more accurate than that, then I feel rather sick for this country.

Let us go on to the next point. The next thing that appears in this legislation is that this is to be a toll bridge. Therefore the item of cost becomes a primary consideration to everybody concerned. The representations that have been made as to cost make it difficult to understand just what is meant. I confess that I do not. This may be due to my lack of understanding, but all one has to do is to look at the original bill and then at the redrafted bill to find out what the difficulty is. Section 12 of the original bill deals with the issue of securities and reads:

1. The company may issue bonds, debentures or other securities in aid of the construction herein mentioned, to an amount not exceeding seven million dollars.

2. For the purpose of securing the issue of such bonds the company may execute a mortgage or mortgages,—

They may mortgage their properties and it is specifically provided that the tolls may be mortgaged. What does that mean? We are asked on behalf of the province of Ontario to authorize the formation of a company that cannot build beyond the middle of the stream and give that company power to issue $7,000,000 worth of securities. Bear in mind what I have pointed out as to section 13 and as to the giving away of the franchise and the granting of powers for the issuing of paid-up shares to the extent, if needs be, of $500,000. Then take your mortgage and bonds that may be issued to the extent of $7,000,000 on a toll bridge and compare the result with the provisions we have in the revised bill. What have we there? Section 12 stipulates that the amount shall not exceed $4,000,000.

I remember the golden days when they used to promote legislation of this kind in the old houses of parliament. Here we have a company coming to us at the instance of the province of Ontario, first with a capital of $500,000 which is reduced to $500, which company it is suggested at first shall be authorized to issue securities to the amount

of $7,000,000, which amount is subsequently reduced to $4,000,000. What do hon. members think of that?

We come now to the next point. The power granted in the original bill is the power to build a bridge across an international stream. I asked the Minister of Justice whether we could confer any such power by this parliament. I raised that issue, but I said I was not going to bother about it. The hon. member for Lambton West said that is what we did in another case.

Mr. DUNNING: In many cases.

Mr. BENNETT: In several cases. The fact that we were wrong does not make it right in this instance.

Mr. DUNNING: The bridges are there.

Mr. BENNETT: That is so; they are there under an amalgamated company. They are there because the states concerned have granted the power to land the bridge. In this case the state concerned has refused to do this.

Mr. DUNNING: Refused?

Mr. BENNETT: Yes, refused to do it. The other night the hon. member for Peterborough West read the bill. I said then that I believed what I subsequently took the trouble to ascertain. Senator Lee, who is one of the senators in a nearby community, said that there was no reason why this information should not be used publicly. The governor of the state has said that he will not agree to this bill with vested rights thus being destroyed.

Let us see what we are trying to do. In the original bill the company is being authorized to construct, maintain and operate a bridge across the Niagara river for the passage of pedestrians, vehicles, carriages, electric cars, street cars and other like purposes, with all necessary approaches, roads and works, from a point described in the city of Niagara Falls, in the county of Welland, in the province of Ontario, to a point in the city of Niagara Falls in the state of New York, one of the United States of America, and to purchase, acquire and hold such real estate as may be necessary for such bridge. Here is the important language in the section:

> . . . but the company shall not commence the actual construction of the said bridge nor exercise any of the powers hereunder, until an act of congress of the United States or other competent authority in the United States of America has been passed authorizing or approving such bridging of the said river, but the company may, in the meantime acquire the lands, submit their plans to the governor in council and do all things authorized by this act.

[Mr. Bennett.]

Would any sane man suggest that he would do that in connection with his business? I just put that to this committee. Just think what we are being asked to do as legislators, as members of this committee. I am saying to the committee that although the province of Ontario, to use their own words, may not construct this bridge or any part of it until such time as the state of New York or the United States of America give authority to do so, nevertheless they may go ahead in the meantime with real estate speculation. I ask, would anybody do that?

The international company has its approaches at both ends of its proposed bridge. I have taken the trouble to ascertain the value of these properties and I have been told, not by the company itself, that they are worth $500,000. I have the further information that the engineer has estimated the cost of spanning that river to join up the two properties of the international company to be $1,400,000. I believe the Minister of Transport will agree that Colonel Monsarrat is the most eminent of the steel engineers we have in the country. That is his estimate and those are the plans he is now preparing. Yet we are being asked as legislators to say, in the face of the attitude taken by the governor of the state of New York, while you cannot commence to build a bridge until New York agrees, even though New York has refused already, nevertheless you can go ahead and have a real estate boom. That is what they are doing. More than that, they are to be given authority to issue securities to the face value of $4,000,000 on the bridge. Does that mean the Canadian part of the bridge or the whole bridge? Does that mean half of the bridge or all of the bridge?

An hon. MEMBER: The whole of it.

Mr. BENNETT: I am not quite sure of that, although I assume it would be the whole bridge. But a bridge can be built for $1,400,000, according to the estimate of Colonel Monsarrat. What is more, this company already has property valued at half a million dollars, according to the estimate I received. I am very careful to say that I know nothing of this personally, but the two items make an expenditure of roughly $2,000,000. Yet in this instance we are being asked to give our sanction to the issuing of securities to the extent of $4,000,000, the original bill asking for authorization to the extent of $7,000,000 That is the position.

Section 8 in the new bill is somewhat similar to the same section in the old. The new section reads:

. . . but the company shall not commence the actual construction of the said bridge nor exercise any of the powers hereunder, until an act of congress of the United States or other competent authority in the United States of America has been passed authorizing or approving such bridging of the said river, but the company may, in the meantime acquire the lands, submit their plans to the governor in council and do all things authorized by this act.

What does that mean? Listen to these words. It states that the company shall not exercise any of the powers hereunder, but that they may in the meantime buy lands, submit plans and do all things authorized by this act. What does that mean? There is a prohibition in one line and authority is given in another line to do everything. Why? I do not know. There is only one explanation that is feasible, only one explanation that has been suggested. Knowing as they do that they cannot build a bridge beyond the medial line of the river, the only thing left to do is to create a real estate boom. Why? Because when this matter was considered on another occasion I recall that it was pointed out very clearly—my hon. friend the surveyor (Mr. Fafard) smiles—that under the old International there had grown up certain well-defined rights. People had built homes; the traffic had been diverted in a certain way. But now, before we have the right to build a bridge at all, with that prohibition against our doing anything about it, we are going to authorize them to buy all the real estate they want and to place their plans before the governor in council, and notwithstanding the prohibition, "to do all things authorized by this act." What does that mean? If that is not a plain contradiction in terms, I cannot understand what a contradiction is. On the one hand you have the condition that nothing shall be done until the United States has granted authority, and on the other side what? The permission to do all things authorized by this act. Surely, Mr. Chairman, we have not reached that stage.

It is all right to say that you must read the two together, and I tried to do that. When you read them together as a whole, what have you? You cannot do anything until the act of the United States authority permits you to land the bridge over there. That is No. 1. But before that is done—and that permission has already been refused—they can in the meantime acquire the lands, submit plans to the governor in council, and do all things authorized by this act. That only proves one thing, and that is that the authority to build the bridge is improperly given. It must be to build a bridge to the centre of the stream, and to that point only, because obviously the governor in council cannot be given approval to what has not any substance in law. What plans are they going to approve? They cannot approve plans for constructing beyond the middle of the stream. How could they? In the meantime the only plans they could submit would be plans to the centre of the stream, because otherwise they would be dealing with plans of the United States of America, over which it is admitted they now have no power.

Mr. BERTRAND (Laurier): May I ask a question? This is not a new principle. In the Civil Practice Act of the state of New York, section 76, subsections 1222-23-24 and so forth, the attorney general of New York is permitted to go into a foreign country and sue there for the state of New York when some money has been hidden in that foreign country. Surely the attorney general cannot come into this country and sue if there is not any provision here in Canada that allows him to do it. This bill incorporates a company that will have the right to go ahead with its plans subject to the laws of another country. That is all it is.

Mr. BENNETT: I followed my learned and hon. friend with great ease; but he has overlooked one thing and that is this, that we have no jurisdiction to confer power to construct a bridge beyond the centre of the stream.

Mr. BERTRAND (Laurier): We have the capacity to organize a company that may ask for that power from the United States, and that is all we are doing.

Mr. BENNETT: Quite so, but that is after you get the consent of the state of New York.

Mr. BERTRAND (Laurier): We have to organize the company first.

Mr. McLARTY: May I ask my right hon. friend a question? Before the company can take any step at all, does it not have to be clothed with the capacity to accept the right which extraterritorial jurisdiction may give it?

Mr. BENNETT: I answered that very proper question of my learned and hon. friend the other evening in the affirmative, and I would not be averse to answering it now. Capacity is one thing, and power is another. Capacity to hold a share does not necessarily imply that you must exercise the power to do what the company has the right to do

Mr. McLARTY: But does not capacity precede the right?

Mr. BENNETT: In this case what is happening is just the opposite. This is conferring power to build a bridge.

Mr. McLARTY: It is capacity.

Mr. BENNETT: No, power. It says:

The company may construct, maintain and operate a bridge—

That is not capacity; that is incapacity.

—across the Niagara river for the passage of pedestrians—

Now, mark you, this is a case not of capacity to hold something but of capacity to construct and operate a bridge:

—for the passage of pedestrians, vehicles—

And so forth, and it states between what points, between a point in Canada and a point in the United States. That means the crossing of the river; we cannot give power in this parliament to operate a bridge across an international stream, and that the hon. gentleman knows far better than I. We cannot confer the power to operate the bridge.

Mr. McLARTY: Quite true; but the capacity, as my right hon. friend will agree, is something we can give to the corporation.

Mr. BENNETT: But that is not what you are doing. I said the other evening that I was not going to take up the time of the house on this matter, and until the committee was attacked I had no intention of doing so. But I am a free member of this parliament now, and I am going to do it. I am glad that my learned and hon. friend has directed attention to that distinction, and if he will put that distinction into section 8 then one of the difficulties will disappear. But at the moment what he has done is to clothe the corporation with power to construct and operate a bridge across an international river into territory foreign to Canada.

Mr. McLARTY: Subject to the power being given by the appropriate United States authorities.

Mr. BENNETT: But there cannot be a conferring of power by this parliament to operate in a foreign country.

Mr. McLARTY: The capacity.

Mr. BENNETT: Capacity to hold is one thing; power to operate is another. This is the power to operate, and that power we cannot confer even though it is conditional upon the granting of power elsewhere, because there must be a conferring of the power to operate by the foreign company, and then the two amalgamate for the purpose of having the company operate as a whole. That is the story; but that is not what this says.

I want to ask, in view of those facts, why it provided that they may acquire real estate. Why? Suppose New York never gives its permission? Should they be permitted to buy real estate for a company that cannot lawfully be organized, because the basis of its organization was to operate a bridge, which it cannot do over international waters. Should we as legislators give this authorization to the province of Ontario by another name? They changed the designation of their legislators the other day from M.L.A.'s to M.P.P.'s, and with respect to this matter the province of Ontario has now become Welby, Young, Scott, Kaumeyer and Farrell? That is the name of the province of Ontario with respect to this bridge. I ask my learned and hon. friend just where we are at in this matter. Can we authorize the province of Ontario, under this name, to proceed with a work for the general benefit of Canada? Mark you, the province has no longer any jurisdiction over this. It is ours now; it is a work for the general advantage of Canada.

Mr. McLARTY: In the matter of taxation, the municipality and the province retain the right to tax even if it were for the general benefit of Canada.

Mr. BENNETT: Surely my learned and hon. friend knows that question can obtain only one answer. The power to tax and the power to operate are not the same thing. The power to tax is a municipal power. The power to operate this bridge over international waters is a power that this parliament only can grant; and when the work is declared to be for the general benefit of Canada, you divest the provincial legislators of their jurisdiction with respect to operation and matters of that kind and the necessary powers are vested in this parliament only.

Let us go to the next point. I said that this was a toll bridge. I said that the International were now constructing a bridge. Their plans are being prepared; they propose to go forward with their undertaking, which also is a work for the general advantage of Canada, and they are advised by the authorities in New York that they may proceed there. I shall read at the proper time what Senator Lee says the statement of the governor was when the measure came before him. This proposed company now contemplates buying real estate and preparing plans of a bridge. May I ask my hon. friend, What bridge? A

bridge across the Niagara or a bridge half way across? Where do they get the power to prepare plans beyond the medial line?

Mr. McLARTY: The capacity to prepare.

Mr. BENNETT: The capacity? Their digestive powers must be sadly tested. Now my learned and hon. friend is in rather deep water. "Capacity" is not going to help him out of that. What plans are they? Of what bridge?

Mr. HOWE: If I may interrupt for a moment I would say, as an experienced preparer of plans, you can prepare plans for any bridge, anywhere, without an act of parliament.

Mr. BENNETT: I have heard of the Minister of Transport preparing plans. Sometimes they were not any too good either. He says he can prepare plans. Certainly he can; and all his plans do not become works.

Mr. HOWE: That is quite right. But you can prepare plans.

Mr. BENNETT: And sometimes plans are not just what we expect them to be. The hon. gentleman, as an experienced man, knows that is so. If any ocular demonstration is required, perhaps the hon. member for Leeds (Mr. Stewart) can give evidence on that point.

Let us go a step further.

Mr. DUNNING: Some lawyers lose lawsuits, too.

Mr. STEWART: That is the fault of the client, though.

Mr. BENNETT: I have lost lawsuits because my appreciation of the law was erroneous. I have also lost cases because the witnesses told one story in court and another to me. And sometimes, when I listen to stories about these bridges, I think those who tell them must all be witnesses. But I ask my learned and hon. friend to look at this point:

> The company may in the meantime acquire the lands, submit their plans to the governor in council and do all things authorized by this act.

Notwithstanding the fact that they cannot do anything until New York or the United States agrees. What does that mean?

Mr. McLARTY: It is purely an empowering section, I would say to the right hon. gentleman; empowering, as the whole act is, creating a corporation with powers, but not directing what they may or may not do, except as to capacity, not as to power.

Mr. BENNETT: Well then, the provision that they may do these things which they are forbidden to do is merely one of those juxtapositions of words that sometimes arise in a section; is that it? The last part of it should not be there at all. But I put the question to clear up the point upon which I want to be quite clear: What plans are to be submitted? What plans does the Minister of Transport consider? When the plan of this bridge comes up, what plan is the minister going to consider?

Mr. FACTOR: Then is there no way of building a bridge across the Niagara river?

Mr. BENNETT: I think the resources of civilization against its enemies are not yet exhausted, to use the language of Gladstone.

Mr. BERTRAND (Laurier): Well, it would never be constructed if we were all to see the difficulties which the right hon. gentleman sees to-day.

Mr. BENNETT: It is an odd thing, is it not, but they have built bridges, and it is very odd that the International is going ahead with its plans to build a bridge?

Mr. FACTOR: Under the same kind of act.

Mr. BENNETT: Quite so. The learned and hon. gentleman is already qualifying for judicial office. But what I want to know is, Of what bridge is he going to submit the plans? That is what I should like to know, and until that is clear, surely this committee have a right to decline to take further action. They cannot be dragooned into action—one of them, anyway, cannot—by some person outside this parliament. I just want to know what plans are to be submitted.

Mr. HEAPS: The same as with any other bridge.

Mr. BENNETT: I thought so. Five hundred thousand recedes to five hundred and seven millions to four and a giving away of the stock to the promoters. Is that what is meant?

Mr. HEAPS: No; I mean that if plans are to be submitted, they would be submitted in the same way, I assume, as when we have been dealing with other bills before the house.

Mr. BENNETT: That shows again how conversion does not always convert. The attitude of mind of the hon. member some days ago was not just what it is now; but he has suddenly become converted; he has seen a great light; Saul of Tarsus has become Paul the Apostle.

Mr. DUNNING: The right hon. gentleman cannot say that to the hon. member!

An hon. MEMBER: He has not the capacity.

Mr. BENNETT: The Minister of Finance reminds me that I should indicate to the learned and hon. member that the hon. member for Winnipeg North has not the capacity to act in that direction, and I take pleasure in conveying that intimation.

We were at the point where the statement was made that the procedure would be "the same as with any other bridge." But this bridge cannot be built or started until such time as the United States give their approval, and they have refused it. Then what bridge plans is it intended to put up? Are they to be of a half bridge or a whole bridge? That is what I want to know.

Mr. DUNNING: Nine o'clock. The clock is striking.

Mr. BENNETT: I have not got fairly under way yet.

Progress reported.

PELAGIC SEALING

PROVISION FOR SANCTIONS FOR VIOLATIONS OF NORTH PACIFIC SEALING CONVENTION

The house resumed consideration in committee of Bill No. 98, respecting the North Pacific Pelagic Sealing Convention—Mr. Michaud—Mr. Sanderson in the chair.

On section 8—Pelagic sealing by Indians.

Mr. REID: Is the language of this section as clear as it ought to be? It mentions Indians dwelling on the coast; what about Indians from the interior moving out to the coast?

Mr. MICHAUD: Before recess it was suggested that an amendment should be made to this clause. I suggest the following:

That in line 3, page 4, the following words be struck out, "and shall be forfeited to His Majesty," and the following words added: "and may be liable to forfeiture to His Majesty as may seem just by the court of competent jurisdiction in the province in or near which such canoe, vessel, equipment, firearms or fur seal skins was or were seized.

Mr. RINFRET: I so move.

Mr. BENNETT: I think the words "court of competent jurisdiction" are hardly sufficient.

Mr. NEILL: What is a court of competent jurisdiction?

[Mr. Bennett.]

Mr. MICHAUD: A county court, a magistrate's court or the exchequer court; any of the courts to which we might resort.

Mr. STEWART: Does that not leave it obscure as to whether an action would have to be brought in a competent court to declare a forfeiture? Would it not be better to provide that on summary conviction before a magistrate the magistrate should have power and authority to declare a forfeiture? As it is now, it is left wide open to controversy whether you must bring an action to have a declaration that a boat is forfeited, or whether it should be part of the proceedings after a conviction or in connection with a prosecution. It seems to me it should be provided that where a charge is laid and conviction made, the same court that makes the conviction should have power and authority to declare a forfeiture.

Mr. MICHAUD: Let the clause stand.

Mr. BENNETT: I think the minister will find it preferable to make it read, "on summary conviction before a stipendiary magistrate or other competent court," a fine not exceeding so and so. That is the course which has been pursued in similar cases and has been found satisfactory.

Mr. MICHAUD: I was not sure what courts were sitting in those outlying districts of British Columbia.

Mr. BENNETT: There is always a magistrate.

Mr. MICHAUD: It is intended to make it subject to the jurisdiction of the court which may happen to sit in the district.

Mr. STEWART: I understand that in all parts of Canada there are courts of summary jurisdiction. That would be sufficient.

Section 8 stands.

Sections 9 and 10 agreed to.

On section 11—Penalty for violation.

Mr. MICHAUD: I have an amendment to clause 11. As it is now, it is not clear. I submit the following:

In the second line, after the word "shall" insert the following: "unless some other penalty is expressly provided therefor in this act."

Mr. RINFRET: I move that amendment.

Mr. NEILL: Does the act provide any other penalty?

Mr. MICHAUD: In sections 6 and 8 penalties are specifically provided.

Amendment agreed to.

Mr. NEILL: Does the minister not think the words "made hereunder" should come after the word "regulation"?

Mr. MICHAUD: By the interpretation clause "regulation" means any regulation made by the governor in council under the authority of this act.

Mr. BENNETT: That covers it.

Mr. CAHAN: I think that does cover it, but I wish to call the attention of the minister to this: He has reserved section 8. I suggest that he should also reserve sections 9 and 10, because the same objection can properly be made to them as was made to section 8. If he proposes to submit to his own legal advisers or to the Department of Justice an amendment to section 8, he might also suggest a similar amendment to subsection 2 of section 9 and to subsection 1 of section 10. They were passed so hurriedly that I had no time to make my suggestion. I make it now as section 11 purports to deal with all offences against this act.

Mr. MICHAUD: Sections 9 and 10 are not intended to apply to the same violators as those mentioned in section 8. Section 8 applies only to Indians. The suggestion of the hon. member for Comox-Alberni (Mr. Neill)—

Mr. CAHAN: I was not referring to the suggestion of the hon. member for Comox-Alberni; I was calling attention to the fact that we slipped over sections 9 and 10, and there was no time to raise the issue which I am raising now. Subsection 2 of section 9 provides that:

> Any person who contravenes the provisions of subsection 1 of this section shall be guilty of an offence against this act—

The CHAIRMAN: Order. I would draw the attention of the hon. member to the fact that these sections have been carried. He may proceed with the unanimous consent of the committee.

Mr. CAHAN: Well, I am content to let it go until third reading; but the sections were slipped over, because if I may say so the Chairman spoke very quietly and his voice did not carry this far, so we did not know that he was dealing with sections 9 and 10.

The CHAIRMAN: Will the hon. member please resume his seat for a moment? I simply rose to draw the attention of the committee to the fact that the hon. member was out of order. With the unanimous consent of the committee he may revert to sections 9 and 10 if he so desires, but those sections were carried ten minutes ago.

Mr. CAHAN: That may be so; but I submit also, if we wish to be extremely technical, that I am not out of order; that I have a right at any stage of the proceedings to draw the attention of the minister who has charge of the bill to the fact that, in dealing with offences under the act, he might properly reconsider two subsections of sections 9 and 10 which were inadvertently passed without discussion.

Mr. MICHAUD: As far as I am concerned I am quite willing that the hon. member should proceed.

Mr. DUNNING: In order to straighten out the matter I move that we reconsider sections 9 and 10. That will put the whole matter in order.

Motion agreed to.

On sections 9 and 10—Construction subject to governor in council regulations—expropriation.

Mr. CAHAN: On the reconsideration of section 9, subsection 2, I wish to suggest again to the minister that when he considers his amendment to section 8, as he proposes to do, he or his legal advisers should consider also whether a similar amendment is not necessary in the case of section 9, subsection 2, and also in regard to section 10, subsection 1. Whether it is considered now or at a later date is quite immaterial to me, because the rights of a member of this house arise at a later stage of the debate, but I made my remarks out of courtesy and as a suggestion to the minister.

Mr. LAPOINTE (Quebec East): My hon. friend will see that the language of section 9 is different from the language of section 8, in that the last line of section 9 subsection 2 reads "shall be liable to forfeiture to his majesty," which is quite different from "shall be forfeited to his majesty" in section 8. It is clear that "liable to forfeiture" means that it would have to be declared so by some court, while under section 8 it is forfeited ipso facto. So far as I am concerned I would rather suggest to the minister that he suspend those three sections in order to consider amendments which will meet the wishes of the committee.

Mr. CAHAN: I am merely suggesting—and I am sorry that I even suggested it—that instead of having duplicate actions, the first with regard to liability to fines and the second, subsequently, with regard to forfeiture, it

would be well to consider whether both could not be dealt with in the one proceeding. That is all I am suggesting.

Mr. MICHAUD: I quite see the point raised by the hon. member, and inasmuch as we have allowed section 8 to stand for reconsideration we might as well let these two sections stand as well. They can all be considered at the same time, later on.

Sections 9 and 10 stand.

On section 11—Penalty for violation.

The CHAIRMAN: Section 11 has not been carried. An amendment has been moved and carried, but the section as amended was not carried.

Mr. NEILL: Would you please read the amendment?

The CHAIRMAN: I have already done so, but I shall read it again. It is in the second line; after the word "shall," the following words are inserted: "Unless some other penalty is expressly provided therefor in this act."

Section as amended agreed to.

Sections 12, 13 and 14 agreed to.

On the schedule.

Mr. MICHAUD: There is an amendment to be made to article 13, appearing on page 11 of the bill. In the second paragraph the word "Russian" is to be stricken out and the word "Japanese" substituted therefor. This is a misprint. I am sure this change will please the hon. member for Comox-Alberni.

Mr. NEILL: I prefer the Russian; thank you.

Mr. RINFRET: I move this amendment.

Amendment agreed to.

Mr. MICHAUD: Just before the dinner recess the hon. member for Comox-Alberni asked me whether the Japanese had fulfilled their obligations under the treaty and had turned over our share of the proceeds of the sales of skins or our share of the skins. At the time I replied that they had done so. I have found since that my reply was correct, and that they have each year given us our share of the skins or our share of the proceeds from the sales.

Schedule as amended agreed to.

Progress reported.

[Mr. Cahan.]

SUPPLY

BRITISH COLUMBIA FISHERIES—STATEMENT OF MR. NEILL ON MOTION OF MINISTER OF FINANCE

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee of supply.

Mr. A. W. NEILL (Comox-Alberni): As this is the first day that we are going into committee on the fisheries estimates I should like to make a statement dealing with some points in connection with that industry. Possibly some of them are only local; others are certainly provincial; some of them are national and one matter at least might fairly be called international. I thought perhaps it would be fairer to the minister and the department to make my statement at this time so that he might have an opportunity of looking up these various matters before they come up on the detailed estimates in committee of supply.

The first matter I want to present, and about which I desire to register a mild protest, is the custom that has grown up, not only under this minister but under previous ministers, of allowing a subordinate officer in British Columbia to issue a statement to the press containing what is called a review of the situation as regards the fisheries of British Columbia, without first submitting that review to the head office of the department. The relations between head office and the office at Vancouver are not my business, if that is the way they prefer to do things—to have a man out there tell them not only what they should do, but what they are going to do. But I do protest, when it becomes a source of trouble to fishermen, and to people who represent fishermen. Unfortunately it sometimes becomes not a review, but a preview, and announcements are made as to what the policy of the government is going to be. Sometimes the government's policy is not in accord with the announcement that is made, and this causes a lot of trouble.

Recently an extensive review was published. The review was a long one, because the compressed report in the papers took up nearly a column of print. It leaves the impression, as evidenced by the big headlines, that the department have in hand some scheme or method by which fishermen can obtain loans in order to enable them to buy better and bigger boats. That is a very nice idea, indeed; I am all for it. I have advocated it for years. In fact, I believe the minister himself two years ago introduced some scheme of the kind. But British Columbia did not accept the offer he made. Now

the department says it has no such scheme before it. I have letters from fishermen asking how they are going to get in under this new scheme which is to be evolved. This makes trouble. It may be alleged, perhaps correctly, that the official did not definitely use that language; but that is the impression he conveyed to the press, and the press indicated it by printing, in big headlines, "B.C. Fishermen May Get Money to Build Traps."

The fisherman does not discriminate between the use of the word "may" and the use of the expression "is going to." They expect that that is going to be carried out. I submit a lot of trouble would have been saved if the official in question had not issued these reviews, or previews, without first submitting them to the department at Ottawa. I wonder if the minister—or any minister—would allow a deputy, or any subordinate official here, to announce what the policy of a department was going to be? That is what happened in this case and, as I have said, it makes trouble.

May I point out that with the idea of getting a proper conception of the alleged proposals I asked for a copy of the review—once on the fourth, twenty-two days ago, and again on the eleventh. But I have not yet had them given to me. Either the deputy in the west has not seen fit to forward them, or the minister here has not seen fit to furnish me with a copy. In any event, I think the principle is an unhappy one, and should be abandoned. It is not only to-day that this trouble has occurred; it has also occurred in the past.

The next matter I should like to deal with is a local one—and I am sorry to bore the house with local matters. I assure hon. members that it is only after long correspondence and after permitting myself to be stalled for several years in the hope that the very obvious facts—the unalterable and logical facts—would bring the government to take action in the matter. Apparently that has not been done, and I am forced to bring the matter to the court of last resort. It reveals a record of stupidity and neglect, and a refusal to face obvious and inescapable facts, and to deal with existing conditions.

The matter is linked with Comox lake, a lake five miles from Courtenay. Into that lake streams and creeks run from higher ground, and provide an ideal spawning place. Then, out of Comox lake runs the Puntledge river, to the sea, some five or six miles lower down. Some twenty-five years ago a colliery company wishing to establish a source of power built a dam on the Puntledge river. That was in 1913. The law is that the owners of dams must, on the request of the Department of Fisheries, put in suitable fish ladders. So far as I can ascertain, and so far as the records show, the department made no attempt to do that, until individuals and boards of trade alarmed by the drop in the amount of fish running in that direction, stirred them up. It took a couple of years before any action could be obtained. But in 1920 the department did take some action. They obtained a report from one of their officials, a man who had been twenty years in the service and who had intimate local knowledge, a man whose reputation stands high. He has since left the service. This is what he said:

> I am not in a position to state whether salmon got into the lake in any quantities before the impounding dam was built, but it is a fact that now they do try to get into it and are prevented from reaching the lake owing to the present structure of the dam. I have been up the lake on several occasions and have carefully inspected the nature of the bottom of it and I am convinced that no better spawning ground could be found anywhere. . . . In my opinion as fishery officer I have no hesitation in saying that I most certainly consider that a suitable fish ladder should be erected in the impounding dam.

Not satisfied with that, the department consulted a real expert in such matters, an expert in the culture of fish and the operation of hatcheries. He was a very able man, and now occupies a very responsible position, doing the same kind of work for the provincial government. He made this statement, which is even stronger:

> I can state, without hesitation, that the Cruikshank river which enters the lake from the north, and Beadnell creek entering the head of the lake, offers spawning grounds unsurpassed in quality and extent, by any I have seen in other parts of the province.

British Columbia abounds in rivers in which there are salmon and fish of all kinds. When experts say that Comox lake and its tributary creeks provide the best spawning grounds to be found anywhere in the province, they are saying something worthy of attention. He described the fish attempting to pass up the dam as being variously described as "crowds", "lots" and "hundreds". He ended up by saying that he considered the number of fish attempting to enter the lake fully justified the expenditure of installing an efficient fishway. People might believe that any body of water would do for salmon spawning, but that is not so. Special conditions are required. There must be a special kind of bottom soil, or gravel. And, for most classes of fish there must be, as in Comox lake, creeks entering the lake. The fish go up the river, into the lake. Then they go into the creeks to spawn.

Then they go down, after spawning, and stay a year in the fresh water of the lake, following which they go out to sea again, to fulfil their destiny. That is true of the two most important and valuable salmon, the sockeye and the cohoe. So that when both these men specializing in the culture of fish have spoken in the manner indicated, surely it is urgent and important that we take steps to develop such wonderful spawning grounds. Both the sockeye and the cohoe, as I have indicated, go into the creeks above Comox lake. No sockeye are in there at the present time. There was an attempt made to introduce them, but apparently it failed. But it can be done, because it has been done in other places, and the conditions are ideal.

But the cohoes were there, and they are not there to-day. The sockeye is the most valuable commercial fish; but the cohoe, while commercially valuable, has a much greater value in its opportunity for development as a sporting fish. It has been discovered only in recent years that they will take a fly and, as they make a tremendous fight, they become valuable as a sporting fish. All the world knows, however, about the big spring salmon taken in that neighbourhood. They come from all over the world as the club records show. The cohoe sport will not be competitive with that, but will be supplementary to it, and will add tremendously in increasing sporting facilities for the tourist trade. It is estimated that every tourist who comes from afar to take one of these large springs will leave anywhere from a hundred to five hundred dollars in the province for each fish he takes.

Incidentally the cohoe is a valuable fish to the working fisherman. All a man needs is a rowboat to go out to make a start. This type of fishing does not require any nets; they do it by what is called trolling. It offers an opportunity to the working fisherman to get a living with the least possible expenditure.

An agitation was stirred up by the public and by the boards of trade, and the officials of the department told the company that they would have to put in a ladder, which they did in 1922. The first blunder was in not making the company do it a number of years before, and the second blunder was in allowing the installation of this type of ladder in the place where it was installed. The proper place to have put it was at the end of the dam in the solid rock where it would have been permanent and effective. It should have consisted of a series of pools about two and a half or three feet above each other. The fish could jump from one to the other, almost like children jumping up a stairway. This type of ladder has been a tremendous success in a similar river near Alberni where tourists come from all over just to watch the fish going up.

Because it would be cheaper for the company, they were permitted to install what is known as the Hocken type of fish ladder. This ladder consists of an opening eighteen inches deep and a certain number of feet wide in the bottom of the dam. This ladder worked for a while in a sort of way as some fish got up after it was put in. But it was workable only under ideal and unusual conditions; that is, when the water on one side of the dam balanced to some extent the water on the lower side. But when there was any large quantity of water; when there was high water in the river, it was impossible for the fish to get up. In order to do so they would have had to dive down and go through this hole through which there was a rush of water. It was like asking a minnow to go up a fireman's hose against a pressure of sixty pounds to the square inch. The fish simply could not go up unless the water was fairly well balanced. The error was made in allowing this type of ladder, but it was done because it would be cheaper for the company. The company has rebuilt the ladder twice. The ladder has been constructed three times and it has washed out again, so it was not any economy for the company. At no time was it effective, and for the last three years, certainly for the last two years and a half, it has been a total failure. Later on the company wanted more power and they raised the head of the dam some three or four feet.

The ladder was washed out in 1927 and was replaced that year by the company. The same type of ladder was put in on the advice of the officials. Then it was washed out again in 1934 and replaced in 1935, and it was washed out again last December. When it was rebuilt in 1935, it was moved somewhat to meet the changed condition of higher water, but it was not placed at the end of the dam as it should have been. The result was worse than it was before. I think I can safely say that there have been no fish go up since. There is a record of one trout that was believed to have been found above the dam. The company is not to blame as they put in what they were ordered to put in. They constructed the ladder three times at their own expense, and I understand they are now saying to the department that they have done their part; that they have done what they were told to

do, and that if the department cannot devise a ladder which will be effective and permanent, they had better do it themselves.

I asked a question as to what the cost of this ladder had been and I received a reply that that information was not available as the fish ladder was built and installed by the owner of the dam. That is quite correct, but I have in my hand a letter from one official to another in which the cost of the first ladder is given and an estimate of the second ladder is made. This is not very important, but it illustrates how determined the department is not to give information that they do not want to give. Perhaps I could now suggest that the department is to blame in the matter, but I am not altogether prepared to do that. It is easy to be wise after the event, and possibly if I had been in their position I would have made the same error, but I certainly would not have assumed the attitude that they assumed subsequently. I do blame the department for refusing to recognize results and facts.

They spent two or three years trying to prove that I was wrong, trying to prove that people who had lived there all their lives did not know what they were talking about. The department contended that fish were going up when in fact they were not. Some years ago I made a sporting offer. I said: Let us forget whose fault it is, let us unite to try to get the situation remedied. But the officials of the department are like the Medes and Persians, perhaps far more so; if they once say a thing is so, then it cannot possibly be proved to be wrong. They were so determined not to admit the thing was a failure that they built a trap above the dam to catch the fish that they were sure were going through, but they did not get even a sucker. They now admit that the thing is a failure and that the cohoe run has been killed. I have under my hand six letters from various officials, all of which state in more or less precise language that that is so. They admit the run is killed; they admit the ladder is no use, and still they do nothing.

Then, in order to put themselves right, they turn around and say: Well, after all, the cohoe did not go up into the lake; they spawned in the river. Tell that to any fisherman and he will laugh at you. They may spawn in the river below the dam under certain circumstances, but they are not successful. How can they be when there is a record a couple of years ago that that area below the dam was dry for three weeks? They want to go up, not only into the lake but into the streams above the lake. Then they said: Well, perhaps after all the fish never did go into the lake, even before the dam was built. If that is so, what can be said about the report of their own officials? What is to be said about the fact that they compelled this company three times to build the ladder? What about the expert who said that there were lots of fish going up? I think I might quote from one letter which is typical and illustrative of what the officials say. This reads:

> Indeed, I have gone back on the original records in the department about the matter, and I find that as long ago as 1898 the then commissioner of fisheries in dealing with natural obstructions in a lower portion of the river stated that "at present the river is of small importance as a salmon river."

Of course it was of small importance as a salmon river forty years ago. Those were the days when the salmon were so thick in the Fraser and Skeena rivers and their tributaries that the cannery men put a quota on the fishermen. They would take only 200 fish a night from each boat. After that they had to throw them overboard or stay in. Of course this river was of no importance as a salmon river forty years ago because the salmon could be caught more easily and in greater numbers in other rivers. That is a very poor argument to use to support the contention that they should abandon the river now when every river and stream is important.

As I have said, this ladder was washed away last December. I asked what steps had been taken towards replacing it, and I was told that the need for requiring replacement was under consideration. It has been under consideration for three years and we are not any further ahead than we were then. We have reports from two officials stating specifically that conditions as they are now could not be improved. If you are willing to abandon this spawning ground which has been stated by experts to be the best or at least as good as any in British Columbia; if you are willing to abandon this run of cohoe salmon which is so valuable for sporting purposes and to the working fisherman, then I suppose it is all right if you are prepared to accept that situation.

When the hatchery was abandoned some years ago, it was mentioned in this house that we should devote more and more time to natural propagation, to the encouragement of runs by natural means. This is the case in point and this is just exactly what we are not doing. I have no use for faultfinders who do not suggest a remedy. I have indicated what is wrong and here is what I think is needed. We need a fish ladder like the one they built some years ago on the Stamp river near Alberni. It was entirely successful. It has renewed the run of sockeye salmon, which is

a very valuable asset, furnishing employment for 200 men, and of advantage from a tourist point of view as well. Put the ladder in at the right place, around the end of the dam, and it will be permanent and therefore effective. I have no brief for the colliery company. They have as little use for me as I for them; but fair is fair, and if anything further is to be done it should be done at the expense of the government. The colliery company were told to put the ladder in the wrong place, and it was of the non-effective type. So much for that item.

Next I want to protest against the method of handling herrings in British Columbia. I am referring now to the reducing of herrings. To those not familiar with it I may say that reducing herrings is a method of squeezing the oil out of them, and by some process of applying acid they reduce the residue into what is called fish meal, which is largely used as fertilizer and to some extent for stock feed. I maintain that that is a waste of a valuable food fish. There is an ample market, if it was pushed, for putting up herrings in the shape of canned and smoked herrings, canned in oil, kippers, and so on. In that way we would give the largest amount of labour and get the most money value out of a given quantity of fish; but by reducing them we get the very least amount of labour, and it is the least profitable, and requires an enormous catch to make it profitable to operate. The result is that it depletes the herring spawning grounds.

There is an important industry there of reducing pilchards, which is very much more profitable for several reasons. They are much more full of oil, containing double the amount found in herrings sometimes, and that makes it more profitable. Pilchards do not spawn in our water, so we cannot take too many of them, so to speak. Pilchards are to a large extent not cannable, because they are so oily, and there is not a good demand for them.

The department will say; I have heard them say, that we cannot and do not deplete the run of the herring on the spawning grounds because it would be trying to dip out the ocean, so to speak, and you cannot do that. That is true in a way, but herrings do not spawn in the ocean like pilchards, but spawn in narrow, confined waters, in bays and inlets. I have seen seine boats like a procession of motor cars, one waiting until the other one pulled out of the only good place in the bay, and there would be a continual succession until the bay was cleaned out. You do not eliminate herrings. You cannot catch them all, but you can harass them until they go away. I can name harbours—Nanaimo is one—where the herring were taken almost inside the town itself, almost at the door of the hotel. They treated them like that and the herring went away and did not come back for fifteen or twenty years. That is what herring will do if you harass them enough. It is not that you take all the herrings, but that they abandon the spawning ground.

There was a large run of herring last year, the department will say, due to taking in large new areas, and incidentally because of the incidence of the gulf stream, which in certain years comes nearer our shores and brings more marine growth, which the fish follow. The experts say that the size of the fish taken indicates that they are being depleted.

I have not yet mentioned the principal thing about the herrings. The principal thing is that they are feed for salmon, and are sought for by the spring salmon, as they are called. I have a quotation here from a fisherman. It is headed in big type "No herring, no salmon," and reads:

> Prohibit the reduction of herring and good times will return to the salmon trollers. This is the considered advice of Pete Larsen.

He is a fisherman from Norway, well known on our coast.

> According to Pete, the trollers have not even made expenses in the past month and he blames it on the wholesale destruction of herring which provide the salmon's natural food.
>
> "No herring, no salmon!" is Mr. Larsen's firm conviction.

Even if they do not clean out the herrings, they break up the schools and then the salmon do not follow them so readily. I suggest that we should follow the system adopted in Norway. I have some data in connection with that. I do not think Norway reduces herrings at all. If it does, it is only from offal. Most of their herring go into canning, and they can them in sixteen different ways. I shall not mention them all, but they have smoked herring, unsmoked, herrings canned in oil, in tomatoes, and so on. They make the very best use of their herring in that way, and get the most money from them. Norway, with a population of sixty per cent less than the maritime provinces of Canada, including British Columbia, in that sense, in 1935 and 1936, the last two years for which records were available, exported 74,000 tons of canned herring, not raw herring, while we in Canada with all that much greater population exported exactly 1,428 tons—74,000 tons as against 1,400 tons, or about 6,000 per cent more. And Norway received $228 per ton for its herrings, while we received $145 for

ours—quite a difference. They get the most out of their herrings by putting them up in oil, in tomatoes, and so on. I suggest that we should develop our herring industry along the line of Norway's system. But the difference as between $228 and $145 per ton is only minor compared with the difference between canning them and reducing them, and that is what I want to go into.

In British Columbia in 1937 we used approximately 84,000 tons of fresh herring for reduction purposes. That is a lot of fish to be converted into fertilizer meal and oil. We got a price that netted us for our fresh fish $9.50 a ton, of which the seagoing fishermen who caught them would get $2.25 a ton, split seven ways, and an extra share for the boat; so each fisherman actually got only one-eighth of $2.25 per ton for every ton he helped to catch; sometimes it would be $2.50.

I ask, Is it good policy to allow the reduction of herrings under those circumstances, there being very little profit to the producer owing to the low oil content; also it depletes the spawning grounds and destroys the food of the salmon, particularly that of the springs. A fisherman can go out at night or in the morning and troll for springs, and if he catches only one large spring he will get more for that one fish than if he went out in a herring seine boat and participated in a catch of five or six tons of fresh herring. I think we should feature Norway's way of doing it, and develop our industry along those lines. It uses less fish, and does not add to the output of pilchard oil and meal, because the market for that is somewhat restricted; the pilchard industry can take care of it in any event, and if you overload the market the price goes down. You would get $225 a ton as against $9.50 a ton—a far bigger return. Therefore I say we should stop reducing herrings. I think that is the logical and reasonable thing to do.

The next item on the list is the question of fish traps. We heard a lot about it last year in the committee, and I do not propose to take up the time of the house with it now. But I have the report in my hand, and it says:

> That no more trap licences be granted in British Columbia waters except in the so called Sooke area, and concerning which we are unable to come to a decision as to whether they should be continued or not, without the opportunity of securing further information.

I might also say that that report recommended that the licence for each trap should be raised from $50 to $500, a little increase of a thousand per cent, the difference between $350 for the lot, and $3,500—which, most significantly, met no objection from the two companies who owned and operated these traps. It also suggested that we should get certain data as to what was caught in the traps.

Some weeks ago I presented to this house a petition with approximately ten thousand names on it, petitioning against the further use of traps in British Columbia. I may say that it was no political device. Nobody was paid to go around and collect the signatures. It was a spontaneous movement. The total expense at least as far as I was concerned was three or four dollars for printing the petition, because I thought it would look better if we had it printed. It met with a very large and very quick response. In the light of the petition I thought that possibly the minister, the department or the government, whoever is responsible, would either stop the traps this year or send the matter to the committee to consider the data obtained. I have before me some of this data. I shall not go fully into it, but it is quite illuminating. They caught three quarters of a million fish, and one might almost say they caught everything, from whales to shrimps. That would be an exaggeration, but they caught one whale, one porpoise, a number of wolf fish, barracuda, sharks, sea lions, hake, herrings, ratfish, sturgeon, and of course, all kinds of salmon. It must have been a comprehensive operation when it took everything from a whale down to a herring. The minister, I regret to say, voicing the views of the department, refused either to stop the traps or to refer the matter again to the committee; their motto was that of the French war heroes, "They shall not pass"; he would not even discuss the matter. So far as my knowledge goes, that brings the matter to an impasse; it is impossible to go any further at the present time. I can only say that it must wait until the next general election, which I anticipate will take place this fall.

Mr. LAPOINTE (Quebec East): Well, well!

Mr. NEILL: I beg the right hon. gentleman's pardon?

Mr. LAPOINTE (Quebec East): Has my hon. friend any information on the subject to give to this committee?

Mr. NEILL: I would be prepared to go into that fully on some more appropriate occasion. If I did so now, it would break away from the line of my argument. At the present moment I am talking about fish. Like the man in the bible, I have observed "the signs of the times" with regard to a general election.

Mr. LAPOINTE (Quebec East): I see.

Mr. BENNETT: But not the times of the signs.

Mr. NEILL: The next item is one which comes home, or should come home, to every man and woman in Canada. It is the most vital thing in British Columbia fisheries; upon it depends the whole existence of the salmon, cod and halibut fisheries. It is not a question of cutting down overfishing; it is elimination, wiping them out. I allude to the destruction caused by the "Japs," if I may use that word, by intensive and unrestrictive fishing outside the three mile limit. Unfortunately, as far as we know, they are within their legal rights; they are outside territorial waters, where it is open to the whole world to fish. It was suggested that a Norwegian boat was coming around, and that a British boat intended to fish for halibut. Either representations were made or something else happened; for some reason or another they did not come.

But the greatest danger in any event would be from the Japanese, because they are best suited owing to their nearness, their experience, and the ruthless methods which they have never hesitated to employ. Their idea of fishing is to take every fish as long as you can see one, and then go somewhere else. They did that with their own fishing grounds off their own coast. Then, having by some means obtained fishing from the Russians, they proceeded to do the same thing there, and now they have come to Alaska and are carrying on in the same way. Later, British Columbia will be the victim. I might explain how it is done. They bring a great big mother ship across the ocean, able to carry launches like the schooners on the Atlantic carry dories; they anchor outsde the three mile limit, where the salmon runs are, and they fish intensively and relentlessly and with no regard to time, season or conservation. They put the fish on board, process them, can them, freeze them or whatever is required in the way of preparation, and then go home with, I was going to say, their bloody spoils, but their fishy spoils would be more correct. The United States government is seriously alarmed. They obtain an income of seventy million dollars from their salmon in Alaska, and they see it seriously imperilled. This is no wild idea of visionary men looking into the future; it is going on to-day; it has been going on for the last couple of years.

In an article published in Japan not long ago, it was stated:

The Behring sea has become an arm of Tokyo bay.

[Mr. Neill.]

That must be nice reading for the Americans. A fleet of one hundred and one Japanese vessels this summer was strung along the coast of Bristol bay, Alaska, for two hundred miles. Think of it! Two hundred miles! Ostensibly they were after crabs. Yes, they said they were only prospecting for crabs. Their intentions were as innocent as regards salmon and halibut as their intentions as regards a certain nation alongside them are or were supposed to be. Unfortunately there are resources of modern science; the fishing people sent out aeroplanes from Alaska; they took photographs of twenty thousand fish on the decks of this mother ship; they went so close that they could even discern, not the signs of the times but the names stamped on the cases of packed salmon; they swooped down within a hundred feet. There is not a question but that that is going on. Now, as I understand, having their attention occupied elsewhere, they have agreed with the United States not to send any more ships over for the present, for the next year. They said that last year. I suppose that is one of those famous or infamous gentleman's agreements which are used only so long as it is profitable to adhere to them. One United States congressman has been asked to introduce a bill in congress declaring that any fish spawned in Alaskan waters belong to the American people, the same as we might say that any fish spawned in the Fraser river belong to us. It is rather a far-fetched thing, and it would not apply as regards halibut, for they do not spawn in our waters. The United States might perhaps establish a claim to shut off the Bering sea as a clausum mare, on the ground that the coast line is from headland to headland; but considering the enormous size of the Bering sea, which is not a bay but a sea, I am doubtful whether such a claim could be upheld.

We made a wonderful treaty three years ago with the United States. Under it the halibut fisheries have been built up; the catch is much greater and much more assured of permanence; but this is just going to be wiped out because the Japanese or any other foreigners can anchor off our banks—the fish are to be found in certain defined areas—and clean them up. Now there must be some way of stopping that. If it is not stopped, all our fishing goes; all our regulations, and the army of officials we maintain, our close seasons and restrictions all go by the board. If we are going to lose the fish anyhow, we might as well clean them out ourselves. There must be some means, diplomacy perhaps, of having a surcease in this matter. Speaking offhand and out of

my own ignorance, I suggest this: The biggest market the Japanese fishermen have for canned salmon is in the United States and Great Britain. If the United States and Great Britain would say: If you are not going to cease this cutthroat policy, so ruinous alike to yourselves and us, we will not let a tin of your canned salmon into either the United States or Great Britain. That would bring them to time.

This is a most important matter, a matter for diplomacy rather than departmental action. Our ambassador to Japan might well enter into negotiations concerning it, instead of making himself a willing conduit for the dissemination in Canada of Japanese propaganda against, to us, a friendly nation. He would be much better employed in doing that. If he has been doing anything of that kind let him announce it; it would make him a lot more popular in British Columbia, where his stock is anything but high at the present time. If there have been negotiations going on, let us know the result. Anything would be welcome provided it was not in the form of a gentlemen's agreement. I say with all respect to the minister that he has rather withdrawn himself behind a wall of silence for the last three years; let him come out from behind that wall and use the ability which we believe he possesses to deal with these matters. Let us know the best and the worst. It is well to know the worst, because we have to know it sooner or later. Let him tell us what has been attempted in these matters and what his future policy is, and we shall have confidence in him, and I am sure many hon. members, including myself, would be very glad to give him every possible support.

Just two other small matters. One is that the dominion has lately handed over to British Columbia the control of non-tidal waters as regards fishing. It is not clear whether they have handed over all the non-tidal fish or only the non-tidal sport fish; in that regard the order in council contradicts the Fisheries department letters. There is also difficulty by reason of there being such a divergence of fact in the matter. For instance, there are tidal sport fish and there are non-tidal commercial fish; so again the question arises, If the dominion is going to say, "We control the tidal fish and the province the non-tidal," where is the line to be drawn? I believe another difficulty has arisen in Quebec; there I do not think the term used is non-tidal so much; I think it is the waters above the navigable portions of the St. Lawrence. However, there again is opportunity for dispute and doubt as to where the dividing line is.

I am told that according to the British North America Act the province could demand control of its non-tidal fish. Possibly so, but surely the British North America Act is not responsible for the anomalous situation which I am now going to describe. It seems that the dominion still has control of the regulations, because apparently under the British North America Act we control the regulation and catch of fish, while the province can claim the right in the fish in non-tidal waters. To suit the province apparently, the department, I think rather weakly, agreed to pass whatever regulations the province asked them to do. Now there is going to be trouble about that, and very soon. Some day the province is going to ask for some foolish, ill-advised regulation. Suppose they took it into their head to put poison in a lake in order to get rid of some predatory fish, and in doing so poisoned the run of valuable fish; or suppose someone ate some of those poisoned fish. Who would be responsible? We would. We have the responsibility under the British North America Act; we cannot evade our responsibility. The department must in some way have sensed that danger, because I see in a recent Gazette, in giving out some regulations in connection with the provinces of Alberta and Saskatchewan, they say it is done at the request of the department of agriculture of the provincial government. They are going to try to get out of their responsibility by saying, Bill Jones in Alberta or Tom Smith in Saskatchewan asked us to do it, and therefore we are not responsible. I think the lawyer members of the house will say that we cannot divest ourselves of our responsibility, and if anything wrong is done we would be responsible. I think the Minister of Finance and the Minister of Labour will agree that they have had sad experience of the inadvisability of the dominion government handing over either its authority to act or its cash for any province to use or spend.

Suppose, for instance—a more likely thing, and I have such a case in my mind—the province took a certain lake in its efforts for the encouragement of sport fishing. I could name a place where it might well happen. Suppose the dominion government have gone to great expense putting in a fish ladder and large quantities of fish fry to facilitate the run of sockeye salmon and have developed them in that lake, and they are proving valuable, a couple of hundred fishermen getting a livelihood from them. But suppose the province says, We are not concerned about your commercial fishing; all we are concerned with is sport fishing, and we are going to put sporting trout into this lake, which will live

on the roe and the young of the salmon. The one will kill the other. That situation might well happen. I suggest that this parliament should retain complete control. The dominion has the responsibility; we cannot evade it; therefore let us keep the power.

Another matter is this: Large sums are spent every year for advertising fish with a view of increasing the sale. In the last seven years $184,000 odd have been spent. With what result? I notice the complacency of officials; with them everything is always the best in this best of all possible worlds. In this instance I am not hitting at the fisheries department; this happens to come under the Department of Trade and Commerce. I have in my hand a recent issue of the Commercial Intelligence Journal, in which it is stated that the retail sales of canned salmon in the United Kingdom during 1937 were satisfactory. Let us see what "satisfactory" means in the opinion of those gentlemen. They go on to give the imports of canned salmon into Great Britain, and here is the record for 1931 to 1937 inclusive. The imports of Canadian canned salmon went down five per cent; those from the United States went up twenty per cent, and the Japanese sales went up eight hundred and eight per cent. And that is not the multiplication of a small amount, but an increase of £1,400,000 in British money. Very likely, as the right hon. leader of the opposition says, some of it was British Columbia salmon under a Japanese label.

Then I turn over the pages and find the record for 1937. Total imports better by ten per cent than those of the previous year. Canada contributed 175,000 hundredweight, which was a slight increase; note that, a slight increase. Japanese packers secured the major portion of the trade, with 454,558 hundredweight, an increase of no less than seventy per cent in one year. Whether you take an increase of eight hundred per cent in seven years or an increase of seventy per cent for the last year, it does not seem to be a matter of which our departments should be very proud in connection with increasing the sales of our canned salmon. I have in my hand a bulletin issued by the fisheries department last month in which they say that sales of canned fish showed an increase of almost a million and a half. I do not know what kind of fish they meant, because here is the record in regard to canned salmon, and canned herrings do not amount to very much either. It seems to me that we need either a new policy or a different method of distribution.

There are other matters I should like to have taken up, but these points I have raised I think are vital to the industry, and I have tried not to approach them in any petty or critical spirit. I hope the minister will consider these matters and be able to give us some definite information when his estimates are before the committee of supply. Perhaps he may be able to hold out some hope; possibly he may be able to tell us of some action which has been taken in regard to some of these matters. If he can do that; if he can come out with a definite policy either on the part of his department or on the part of the government as a whole, we shall be very glad to hear him. This is the third session of this parliament, and I hope the Minister of Justice will allow me to say that we are coming at least in sight of a general election. So I think it is time we had definite and concrete information in connection with matters that have occurred in the past, and a definite statement as to what is contemplated for the future.

Hon. J. E. MICHAUD (Minister of Fisheries): Mr. Speaker, the hon. member for Comox-Alberni (Mr. Neill) did not give me any previous intimation that he was going to take up these matters at this junction, so I am sure the house will not expect me to reply to everything he said or to give all the details in regard to the several matters which were mentioned by the hon. member. However, he is to be congratulated upon his noble effort and his appeal to the minister and the department for a statement of policy with the hope that something may be done to remedy the conditions of which he is complaining.

If we consider soberly the questions raised by the hon. member we must admit that they are in the main matters of detail, over which there have been differences of opinion in British Columbia and throughout Canada for a great many years, matters which it seems impossible to adjust in such a way as to satisfy all concerned. My hon. friend began by complaining of officials of departments who take upon themselves the responsibility of issuing statements which might be interpreted in some quarters as explaining or laying down the policies of the department or the government. Of course, in the Department of Fisheries, as in every other department of the government, we have human beings as officials, and they are liable to err and make mistakes. In this instance I find that it has been the policy of heads of branches in the areas in which they are stationed, particularly in the east and west, occasionally to make reports of what has been going on, covering their activities during the period of a year.

The other day the hon. member brought to my attention a matter in regard to the annual review made some time ago by the supervisor of fisheries for British Columbia. I have looked into this matter. I asked for the report which was made, as I informed the hon. member, without being first submitted to the department. I find that it was a very general statement of facts, with the possible exception of one matter upon which a wrong interpretation was placed by some of the newspapers in British Columbia. The matter will be further explained when the exact words used by the official come before me and have been studied. Judging from the newspaper reports, however, I think some of the newspapers, as well as the hon. member, jumped to conclusions which were not warranted by the facts as reported in the press at the time. I may say at this point that these statements are not generally submitted to the minister before they are given out, because they are supposed to be statements of facts. If sometimes the imagination of the officials carries them away and they become too enthusiastic over their work, I suppose they will have to be disciplined or reminded that in future they should refrain from attempting to commit the department or the government to any policy.

Another matter of which the hon. member complained is the old question of the Puntledge river fish ladder. I find that this has been under consideration in the department ever since 1920. It appears that in 1913 Canadian Collieries Limited built a dam on the Puntledge river to develop water power and generate electricity to serve the people in that vicinity. It may be stated that from the information before me the dam is not at the mouth of the river but is some distance from Comox lake, which would be a suitable ground for spawning purposes. My information is to the effect that around 1917 some people thought a fishway should be built in that dam in order to facilitate the entrance of the fish to Comox lake. Since 1920 three attempts have been made to construct suitable fish ladders, not always at the same location; but unfortunately they did not hold; they were washed out, and at the present time there is no fishway in that dam. So far as I can judge from the records of the department, since 1920 every official charged with the administration of the regulations in that part of the country has tried to meet the situation as best he could. Many opinions have been offered by officials and by independent persons, but I believe the situation is very well expressed in the reports of the district supervisor of fisheries and the chief supervisor of fisheries for British Columbia. Those reports have been made after many years of observation and study.

It is represented to the department by our engineers and officials who, we believe, are competent in such matters, that to build a fishway at the place where it is suggested it should be built, namely on the left side of the dam, would certainly jeopardize the efficiency of the dam. If the fishway were cut through the rock at the side of the dam, there is no assurance that the salmon would use it, or that it would assist in any way to increase the run. Such a fishway would necessitate blasting pools in the rock on the left side of the stream, which would undoubtedly weaken the structure of the dam.

The towns of Cumberland and Courtenay, with populations of 2,371 and 1,219 respectively, as well as the towns of Comox and Royston, and the territory wtihin a radius of thirty-five miles, are dependent upon this source for power and light. It seems that there is not much evidence to show that above the power dam, to Comox lake, these waters have been frequented by large numbers of salmon. It is represented, and has been ascertained by officials of the department, that the different varieties of salmon frequenting these waters are being well maintained, and that there is sufficient room in the Puntledge river below Comox lake for the spawning of all salmon coming to the stream in recent years. In the opinion of the Courtenay-Comox boards of trade, and the affiliated fish and game association of Vancouver island, Comox lake is more valuable from the standpoint of sport fish than for salmon, and the latter association have asked that salmon be not introduced into Comox lake.

Mr. NEILL: When did the board of trade recommend that?

Mr. MICHAUD: I am not sure exactly of the date, but I can find out the exact date that the recommendation was made.

Mr. NEILL: While the minister is looking for it, he might look for one dated last year, in which they recommended that the ladder should be put in, and the run of cohoes protected.

Mr. MICHAUD: Yes.

Mr. NEILL: I have a copy of it.

Mr. MICHAUD: It goes to show that this is a difficult proposition, and that there is room for a wide difference of opinion. According to the hon. member, even the same people

change their minds about the efficiency of building a ladder along the lines recommended by some people. Some think the plan would not be feasible and would jeopardize the efficiency of power development at that place.

Mr. STIRLING: Can the minister say how high the dam is?

Mr. MICHAUD: I do not think I have the information here. This matter has been considered by various officials, and by my predecessors, since 1920, and we have all tried to give our best attention to the problem. It is our conclusion that it is not worth while to incur the necessary expenditures, and to jeopardize the good water power, in order to increase the spawning facilities in Comox lake, particularly when we feel that every facility is offered below the lake and below the dam, from the mouth of the river.

However, we are still looking into the matter and we hope some day to find a solution which will meet with the approval of the hon. member for Comox-Alberni and of the board of trade.

Another matter which has been brought up has been the criticism of the method of handling herring in British Columbia. I admit that it is a fish which is hard to handle in that province. We are told it would be much more profitable to can and smoke the herring rather than reduce it to fish meal. Well, that is another matter in connection with which there is room for great differences of opinion. I am not an expert in the matter, and I would not give my own opinion; but I find that for the last fifty years people from British Columbia, in this house and out of it, have given opinions, and have widely differed in their suggestions. But it seems to me that if it was so much more profitable to can or to smoke the herring rather than reduce it, there would be a sufficient number of intelligent people in British Columbia to go into that business. They could, or should, see the advantages of changing the method of handling the herring catch.

I am informed that about ten years ago the same proposition was advocated, and that some people tried canning rather than reducing the herring. It was found most unsatisfactory and unprofitable. However, I hope the hon. member will be able to convince people in the fishing industry to change their methods of handling that kind of fish, and if he is successful I can assure him that, so far as I am concerned, there will be no obstacles raised by the department.

Mr. NEILL: Before the minister leaves that, would he permit me to speak on a question of privilege? I have in my hand the communication to which I referred. The resolution passed by the Courtenay board of trade, after setting out various whereases, contains the following:

Therefore be it resolved, that the Minister of Fisheries be requested to see that an efficient fish ladder be installed at the Bevan dam.

That is dated January 12, 1937.

Mr. MICHAUD: Has my hon. friend the other letter in which the other alternative was advocated?

Mr. NEILL: What date?

Mr. MICHAUD: I have not the date.

Mr. NEILL: No. Has the minister the letter?

Mr. MICHAUD: Not here, but I shall bring before the house the information on record in the department regarding this matter. In connection with fish traps my hon. friend stated that the minister refused to discuss the petitions which were presented by him to the house and which he alleged contained the signatures of ten thousand people. This matter was referred last year to the committee on fisheries and every opportunity was given to those who wanted to get information to obtain what they wanted. That committee made recommendations to this house which were implemented in full by the department. When the petitions were presented to the house by the hon member for Comox-Alberni, I raised no objection as it was not my duty to pass upon them or to state what should be done. Some petitions containing the same heading were forwarded to my office, I suppose inadvertently. These contained the postal addresses and occupations of the people who signed them and I found that they contained the signatures of more chicken farmers than fishermen.

Mr. NEILL: Certainly. The fisherman population is quite small as compared with the total population of British Columbia, and it will be still smaller if these traps are permitted.

Mr. MICHAUD: It is not true when the hon. member says that the minister refused to discuss the matter referred to in the petitions.

Mr. NEILL: I have the letter here.

Mr. MICHAUD: The letter does not say that I refused.

Mr. NEILL: Here is the letter.

Mr. MICHAUD: Will the hon. member read it?

Mr. NEILL: I wrote to the minister on February 28, 1938, in connection with these petitions, and I said in part:

Are you disposed to give them notice that they will not be allowed any for or beyond this year, or do you propose to refer it again to the fishery committee of the house?

The answer was dated March 4, and reads:

Replying to your letter of the 28th ultimo with reference to the question of fish traps at Sooke, B.C., I beg to state that at the present time I am not disposed to give any notice that traps will not be allowed in the future. Further, I do not think that the petitions presented to the house should be referred to the fisheries committee inasmuch as they do not appear to disclose any new arguments besides those which were brought before the committee last year and inquired into.

I did not ask that the petitions should be referred to the committee; I asked that the data which the committee recommended last year should be gathered should be referred to it. I have that in my hand and I ask that it be referred to the committee.

Mr. MICHAUD: That is a matter which my hon. friend should refer either to the house or to the committee. As far as the department is concerned, the recommendations made last year by the committee were carried out. I feel that is all that should be expected of the minister or the department.

Regarding the other matter that was brought up, the wholesale destruction of fish by Japanese outside the three mile limit, I am sure my hon. friend knows that is an extremely delicate international matter. He must know that matter is being taken up by the United States and Canadian governments.

Mr. NEILL: I do not know that.

Mr. MICHAUD: My hon. friend should have enough confidence in the government to know that matters of such importance will be considered as they should be considered. That is a matter which can be remedied only by international treaties or agreements.

My hon. friend referred to the handing over of the jurisdiction over fisheries in non-tidal waters in British Columbia. I do not think he quite understands the situation. We have no jurisdiction to hand over anything that does not belong to us. What we did was to discontinue the administration of the sports fisheries in British Columbia. This was done because of recommendations made by representatives of the provincial government and officials of the department. We handed over all facilities that had been developed in that respect. The exact limit of jurisdiction is a moot question and has been such ever since British Columbia entered confederation. Case after case has been submitted to the privy council and neither party has seemed to be satisfied with the decisions. However, I believe we have come to some understanding as to where the jurisdiction should end, and I think the regulations have been amended so that they will meet with the approval of the provincial authorities. I shall deal with advertising later on when the appropriation for that service comes before the committee.

I was not given any notice of this matter, but I should like to say that when the items of the department come up for consideration I shall provide all the information in the possession of the department. I shall do my best to satisfy my hon. friend.

Right Hon. R. B. BENNETT (Leader of the Opposition): When the Minister of Fisheries is dealing with his estimates, I would ask him to have available the necessary information to enable him to give the names and addresses of the persons concerned and the amounts received in connection with the appropriation of half a million dollars that was made last year and that was stated to be of great urgency to assist the distressed fishermen of Canada. I understand also that a report is being prepared in connection with possible markets for fish in South America and some parts of the West Indies, and I should like to feel that that report was before us before we consider further the matter involved in that expenditure, or in any expenditure which may be provided for in the estimates dealing with market conditions and the marketing of fish products.

Motion agreed to and the house went into committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF FINANCE

Departmental administration, $218,080.

Mr. BENNETT: There are a few questions that might be asked with respect to this item. What additions have been made to the departmental staff since the year ended March 31, 1937? I know there are three, but for what purpose have the additions been made? While it does not arise directly out of this item I will ask now, because it will enable the minister to give me the information later. What are the net proceeds of the last guaranteed Canadian National loan and what was the disposition made of the funds? The minister will remember that no information was given the house or the committee as to how the proceeds were distributed. It

was said that it was for the purpose of reimbursing expenditures that had been made by the dominion government. Of course, it would have a direct effect on the budget itself, and before we reach that stage perhaps the minister at the appropriate moment could state what were the proceeds of the loan and its distribution.

Hon. CHARLES A. DUNNING (Minister of Finance): With respect to the first question, while I have not my documents before me, there has been very little if any change in the departmental staff under this vote. The amount of increase is just sufficient to take care of the statutory increases in salaries. Any changes that I can at the moment recall are with respect to other votes, such as housing and so forth, and do not relate to this departmental administrative vote. The increase in the vote is some $6,000, and my right hon. friend will understand there could not be an increase in the staff for such a small amount.

With respect to the other question I shall be pleased to bring down the details at the appropriate time. I shall not attempt to do so now.

Mr. BENNETT: I would not expect them to-night.

Mr. DUNNING: It is better to be accurate about a matter of that kind.

Mr. BENNETT: There is one other point. I assume that the entire finance department staff that formerly dealt with matters connected with currency is now part of the staff of the Bank of Canada, although they are housed as yet in part, until the new building is completed, in the finance department.

Mr. DUNNING: Yes.

Mr. BENNETT: And the work of signing bills still goes on in the finance department, but as a matter of fact it is done for the Bank of Canada. Is that correct?

Mr. DUNNING: Yes; that is correct.

Mr. BENNETT: I just wanted to be sure because I was asked that question the other day.

Mr. STIRLING: What is this item of express on coin shipments? There is a considerable increase.

Mr. DUNNING: If my hon. friend will be good enough to reserve his question until that vote is called, we shall have the information. The only vote I am calling to-night is the one relating to departmental administration.

Item agreed to.

[Mr. Bennett.]

DEPARTMENT OF JUSTICE

Departmental administration, $137,145.

Right Hon. ERNEST LAPOINTE (Minister of Justice): This is exactly the same amount as last year except for an increase of $5,000 odd for the restoration of the salary deduction.

Mr. BENNETT: This would be the appropriate item under which to discuss the whole question of the administration of the Department of Justice, but it will serve my purpose if the minister is in a position to state when we may expect the report of the penitentiary commission. It is a document that will take some time to consider carefully, and I was hoping that it might be in our hands a reasonable time before the penitentiary estimates are considered.

Mr. LAPOINTE (Quebec East): Yes. As a matter of fact the report is now complete and is in the hands of the translators and printers. I expect to be able to table it in the early future.

Mr. BENNETT: Thank you.

Mr. WOODSWORTH: In regard to the act commonly known as the padlock law, I understand that the date for review is July 7. Will the minister be good enough to say when the government will come to a decision as to whether it is to be referred to the courts?

Mr. LAPOINTE (Quebec East): The decision will be reached at the appropriate time. I shall have to work pretty hard on it because, as my hon. friend says, there is not much time left for study and consideration of such an important matter. But the decision will be reached in good time.

Mr. BENNETT: These philosophical cogitations and disputations that are so essential to determine the validity of the padlock law must necessarily involve a good deal of consideration.

Mr. LAPOINTE (Quebec East): A good deal.

Item agreed to.

DEPARTMENT OF THE SECRETARY OF STATE

Departmental administration, $95,775.

Hon. FERNAND RINFRET (Secretary of State): The small increase of $5,000 in this item is due in part to the restoration of the five per cent salary deduction, and partly to statutory increases and a certain readjustment in positions. It will be observed from page 192 that there has been a reduction in the amount for temporary assistance. Otherwise there is no change.

Mr. BENNETT: There is just one question which arises out of the consideration of that item, and that is as to there being a congestion of work in the patent office, which some have alleged is so serious as really to invite public criticism. I promised I would bring the matter to the attention of the minister in committee of supply so that he might make a statement. I have no reason personally to believe that the situation is anything like as bad as it is said to be.

Mr. RINFRET: There is a vote later on for the patent office, and I have in my hands a report on the situation, which, as my right hon. friend says, shows the situation is not as bad as it has been depicted in some quarters. But this vote deals merely with departmental administration—correspondence, registration office, remission branch, library and the accountant's branch. There is a separate vote for the patent office, and then will be the proper time to make the report to which my right hon. friend has alluded.

Mr. BENNETT: No part of the patent office expenditures for administration or otherwise is included in the vote which we are now discussing; is that correct?

Mr. RINFRET: That is correct.

Item agreed to.

Progress reported.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 10.53 p.m.

Wednesday, April 27, 1938

The house met at three o'clock.

ELECTIONS AND FRANCHISE

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE—APPOINTMENT OF COUNSEL

Mr. C. E. BOTHWELL (Swift Current) moved:

That the recommendations contained in the first report of the special committee on electoral matters, presented to the house on Tuesday, the 26th day of April, 1938, be now concurred in.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I desire to protest against the expenditure involved in bringing counsel here for the purpose of dealing with this matter. For a long time we have had counsel employed by this committee; it was the subject matter of some discussion, not to say criticism. Information from all parts of the world has been gathered and collated. Just why additional expenditure should be incurred at this time by bringing a representative of the legal profession down to assist the committee, when the bill has been drafted, the evidence collected and the information made available, is beyond me. I suggest to the Minister of Finance (Mr. Dunning) that this is a wholly unnecessary public expenditure.

Mr. BOTHWELL: Mr. Speaker, during the past two years the committee has had the benefit of the services of Mr. Butcher, who has done a great deal of work in collecting information relating to other countries and presenting it to the committee. He also had something to do with the drafting of the act now before the committee, and is able to explain the reasons for every change which may be made in that act. I understand also that he had something to do with Bill No. 90, which is also before the house, and is able to give invaluable information regarding it.

Mr. BENNETT: Mr. Biggar is said to have been the author of that.

Mr. BOTHWELL: I do not believe he is the author of it.

Mr. BENNETT: The Prime Minister said so the other evening, but perhaps he does not know.

Mr. BOTHWELL: As I understand the situation he is not the author of that bill. Although the Prime Minister may have referred to the fact that eminent counsel had been retained for the purpose of drafting that bill, the reference may not have been to the same person.

It seems to me the committee itself should be the best judge of whether or not counsel is necessary, and the report that was presented yesterday dealing with the retention of counsel, or containing a request to the house that counsel be retained, was unanimously adopted by the committee. I think possibly the committee could get along without counsel, but we are endeavouring to bring into the house a measure which has been considered over a period of many years. Since I have been a member I think the elections act has been revised on three different occasions, and now we are endeavouring to bring in an act that will not need revision for some years to come.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, unfortunately I did not get my notice of the committee meeting until after that meeting had been held. I do not say this was any fault of the clerk of the com-

mittee, but it was an unfortunate circumstance; the notice was in some way mislaid and I did not receive it in time, so I did not know that the committee was meeting yesterday. I must say that in my opinion it would be—I was going to use a harsh term—rather a waste of money to retain counsel for the purpose of advising the committee in connection with the act at this stage. During the last two years the committee have been studying the matter with the assistance of Mr. Butcher, the chief electoral officer and Colonel Thompson, the franchise commissioner. In my opinion these three men have more knowledge of the electoral laws of Canada than any new counsel, I care not how learned he might be in the law, could possibly acquire during a full sitting of this parliament. It would take any new counsel, however learned he may be, a great deal of time to familiarize himself with the technique of the electoral law.

Mr. BOTHWELL: It is the same counsel; Mr. Butcher is the man referred to.

Mr. STEVENS: I had not heard the report, but I gathered there was a change. If it is Mr. Butcher I would certainly approve of his being retained for this session, because he has acquired a knowledge of the law which would be invaluable to the committee. However I was not before the committee, and I took it for granted a new counsel was being retained. If it is Mr. Butcher, I would certainly support the motion.

Mr. BENNETT: The hon. member for Swift Current was out of order in speaking to this resolution, and had he—

Mr. LAPOINTE (Quebec East): And so are you.

Mr. BENNETT: Yes, and that is the reason I say it. I had thought when he moved the motion I would be able to deal with one or two matters he mentioned. However, I have only this to say: So far as I am aware, when a bill has been introduced, as a bill, there is no precedent for the engaging of counsel. There is precedent for such engagement in the preparation of it. I have never known of a bill referred by this house to a committee involving the retaining of counsel, but I have frequently with relation to the preparation of it. That is quite a simple matter. But after the government has launched a measure and it has been offered to the house, I cannot recall any occasions—there may have been some—on which that has happened. After a measure has been crystallized into a bill, I must say the suggestion that counsel be retained is entirely new to me.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, I am in the happy position of being in order.

Mr. BENNETT: Quite.

Mr. LAPOINTE (Quebec East): It may be only seldom, after a bill has been read the second time and referred to a committee, has counsel been appointed. I believe however that it has been done. There is nothing in the rules to prevent it. Under the rules a committee has power to summons witnesses and to appoint counsel in respect of any matter referred to the committee. The fact that the bill has been referred after second reading does not alter the situation in any way so far as the power of the committee is concerned. On the merits of the matter I suggest the house should accept the opinion of the committee on a matter of this kind. I have no doubt that this will have the consent of the house.

Mr. BENNETT: May I direct the minister's attention to one thing: He realizes, of course, that both these bills were introduced on message.

Mr. LAPOINTE (Quebec East): Yes.

Mr. BENNETT: Therefore they represent the policy of the administration. While the minister has been speaking I have been thinking carefully, and I cannot recall any case in which after second reading of a bill based on a message counsel has been engaged by a committee.

Mr. J. A. GLEN (Marquette): Mr. Speaker, I can say that without the assistance of counsel in the past two years we would have had great difficulty in committee. Only yesterday when the committee was discussing the terms of the bill it was found that the information given by counsel was of considerable assistance. But further than that several of the clauses were reserved because the phraseology employed was not exactly what had been anticipated by members who were formerly on the committee. Those were referred to counsel in order that they might be presented in proper form. In the ordinary course of events they would have been sent back to the Department of Justice. I have heard several remarks which were not very considerate of the Department of Justice—

Mr. BENNETT: The law clerks— not the Department of Justice.

Mr. GLEN: I am sure of this, that there would be a great deal more satisfaction in the committee if the phraseology of the bill were examined by the counsel who has been mentioned. I am satisfied that the members of the committee are of the opinion that in obtaining the services of the counsel named we have one who has devoted himself so assiduously to the work that when the bill is brought to the house it will be received without any of the acrimonious discussion which formerly obtained, and will be a measure acceptable to all parties.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, I believe a reference to the terms of reference to the committee might clear up the matter. I would direct the attention of hon. members to the terms of reference as they appear in votes and proceedings of April 5. After indicating the names of the hon. members comprising the committee, the motion states that they be appointed to consider:

1. A certain bill intituled: "An act respecting the franchise of electors and the election of members to the House of Commons," and to make such amendments thereto as it deems advisable;

2. A certain bill intituled: "An act respecting political expenditures," and to make such amendments thereto as it deems advisable;

3. Such other proposed legislation relating to elections as may be referred to it by this house;

4. The methods used to effect a redistribution of electoral districts in Canada and in other countries;

5. The evidence and report of the special committee appointed in the session of 1936 and reappointed in the session of 1937 to study the Dominion Elections Act, 1934, and the Franchise Act, 1934;

With power to call for persons, papers and records, to examine witnesses and to report from time to time.

It will be seen that there is a very much wider reference involved than merely a single bill. It seems to me the committee have a great deal of work to do of an intricate legal character, and if they unanimously desire to reengage counsel they have had in previous sessions, I do not believe, despite my desire to save money, that I can enter any objection.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. BENNETT: No; on division.

Motion agreed to on division.

OYSTER BED LEASES

READING OF PETITION OF ELLSWORTH GILLIS UNDER STANDING ORDER 68

Mr. A. E. MacLEAN (Prince): Mr. Speaker, I should like to ask, under standing order 68, that the petition of Ellsworth Gillis, tabled on the twenty-sixth instant, be now read.

Motion agreed to.

(The Clerk Assistant read the petition as follows):

To the honourable the House of Commons of Canada in parliament assembled:

The petition of the undersigned Ellsworth Gillis of Ellerslie, Prince Edward Island, humbly sheweth:

That his Most Gracious Majesty's privy council rulings of 1898, 1913 and 1917 in respect to fishing in the tidal waters of the dominion points out that the Fisheries Act granting fishery leases for oyster beds or fishing grounds to private interests in the tidal waters are ultra vires of the dominion.

Your petitioner therefore humbly prays that all leases of oyster beds in Prince Edward Island tidal waters to private interests be withdrawn, and if this request is not granted that the question of leasing the fishing privileges in tidal waters of Prince Edward Island be referred to the privy council in England for decision.

And as in duty bound your petitioner will ever pray.

Dated April 12th, 1938.

Ellsworth Gillis,
Secretary of Fishermen's Union,
Station No. 8, Ellerslie, P.E.I.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

RADIO BROADCASTING—INCREASE IN LICENCE FEE

Mr. JOHNSTON (Bow River):

How many names, on letters, telegrams or petitions, were received by the Minister of Transport either objecting or assenting the increase in radio licence fees?

Mr. HOWE: Objecting, 1,246; assenting, 14.

CECIL DUNCAN

Mr. PARENT (Quebec West):

1. Is there a Mr. Cecil Duncan employed in the Finance department? If so: (a) in what capacity; (b) what is his salary?

2. How many days per year has Mr. Duncan been away from his work, as government employee, to attend to personal outside activities?

3. Have any deductions been made from his salary for such absences? If so, what amount?

4. Has any correspondence been exchanged, to the knowledge of the government and on its time, between Mr. Duncan and the various sporting organizations with which he is connected? If so, has such time been taken off his salary?

5. Has the department taken any steps to control such abuses, if any?

Mr. DUNNING:

1. Yes. (a) Departmental accountant grade 1, acting as assistant chief of the mechanical division of the treasury office servicing the Department of Pensions and National Health; (b) $2,220.

2. Absences during the past ten years, other than on annual and sick leave, are: Special leave with pay for extended trip, in accordance with general minutes of civil service commission, was granted as follows:—Fiscal year 1931-32, 30 days; fiscal year 1936-37, 15 days. Special leave without pay was granted in accordance with the regulations of the civil service commission as follows:—Fiscal year 1931-32, 30½ days; fiscal year 1936-37, 9½ days; fiscal year 1937-38, 25 days.

3. Answered by No. 2.

4. No correspondence has been exchanged to the knowledge of his superiors between Mr. Duncan and sporting organizations, during office hours, and it is a matter of knowledge that Mr. Duncan has taken exception to any telephone calls on hockey matters being made to him during office hours. Mr. Duncan states that all of his non-government correspondence is conducted from his home and after office hours.

5. Answered by above.

BERTHIER, QUE., WHARF

Mr. EDWARDS:

1. Who was in 1936 and 1937 the superintendent of the work performed at the wharf of Berthier, electoral district of Bellechasse?

2. Who recommended him for that position?

3. What was his salary, and what was the total amount of money paid him by the government for his services?

Mr. CARDIN:

1. Edmond Mercier.

2. District engineer.

3. (a) $5 per day. (b) $686.25.

POST OFFICE—ILLEGAL LOTTERIES—EMPLOYMENT OF A. F. MENARD

Mr. DESLAURIERS:

1. Was Mr. A. F. Ménard relieved from his special duties as inspector or postal employee specially charged with the supervising of lotteries (Army and Navy), etc., in the postal service superintendent's office at Montreal during the years 1933, 1934, 1935, 1936 and 1937? If so, on what date?

2. For what reasons, and upon instructions from what authority?

3. Who is his successor?

Mr. EULER:

1. Yes, in January, 1937.

2. During the years in question the work pertaining to illegal lotteries was under the personal supervision of Mr. Menard. In January, 1937, on the amalgamation of the post office and district director's staffs into one unit the Postmaster General instructed that this work should be dealt with in the enquiry section of the Montreal district office which is the section dealing with the fraudulent and illegal matter sent in the mails.

This work has been assigned to Mr. Boileau, a clerk of that section, under the direction of the head of the section, Mr. Chartrand, who is responsible to the District Director of Postal Services, Montreal.

3. See answer to No. 2.

QUESTION PASSED AS ORDER FOR RETURN

W. J. LINDAL, K.C.

Mr. MASSEY:

1. Has W. J. Lindal, K.C., of Winnipeg, Manitoba, been employed by the government or any department since November, 1935?

2. If so, in what capacity?

3. What moneys has he been paid to date, giving details of such payments?

4. Are there any fees now owing the said W. J. Lindal, K.C.?

5. If so, how much, and for what?

CANADIAN NATIONAL RAILWAYS

PROVISION FOR REFUNDING OF MATURED, MATURING AND CALLABLE OBLIGATIONS

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to bring in a measure to provide for the refunding of matured, maturing and callable financial obligations of the Canadian National Railways and for the issue of securities guaranteed by the Dominion of Canada in respect of such refunding to an aggregate principal amount not exceeding $200,000,000.

He said: His Excellency, the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

ANTHRACITE COAL

INQUIRY AS TO INCREASE IN PRICE IN THE PROVINCE OF QUEBEC

On the orders of the day:

Mr. CHARLES PARENT (Quebec West and South): Mr. Speaker, I should like to direct the attention of the government and particularly the Minister of Labour (Mr. Rogers) to an increase of seventy-five cents per ton on anthracite coal which has been put into effect throughout the province of Quebec. It is said that this increase is necessary because of an increase in transportation and insurance rates as well as in the wages paid to the coal miners. We have had a lot of trouble in the province of Quebec in previous years in connection with this coal situation, and I submit an investigation should be made immediately to see whether this increase is justified. It seems to me to be extraordinary that the increase should be applied to the whole province, and I do hope the Minister of Labour will look into the matter and try to stop this increase, if possible.

Hon. NORMAN McL. ROGERS (Minister of Labour): The hon. member for Quebec West and South (Mr. Parent) was kind enough to give me notice of this question. My present information is that the increase to which he has referred, in the price of anthracite coal, is due to a corresponding increase in the price of British anthracite. However, I shall be very glad to look further into the matter.

CRIMINAL CODE

PROPOSED AMENDMENT RESPECTING OPERATION OF MOTOR CARS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker I should like to direct a question to the right hon. the Attorney General of Canada (Mr. Lapointe). At the request of the minister, Bill No. 10, which stands in my name on the order paper, and was debated at length, was allowed to stand on February 17. I am willing to have this bill stand over during this session as the minister intimated that he would bring in a government bill. Can the minister give us any information soon as to when this bill will be brought down and if it will cover hit-and-run drivers? There have been thirty-one killed in our city since February 17, when the bill was up before, and the deaths from this cause in Ontario have increased for 1936 and 1937 from 221 to 304, or an increase of 37 per cent. Will the bill also include an offence for unlicensed drivers who are also causing many accidents?

Right Hon. ERNEST LAPOINTE (Minister of Justice): I am able to satisfy in part the curiosity of my hon. friend. I expect to be able within the next two weeks to introduce a bill to amend the criminal code. I can only say that this bill will contain some provision with reference to the matters covered by the bill of the hon. gentleman, but he will understand that I am unable to disclose to-day the extent to which these matters will be covered.

UNEMPLOYMENT RELIEF

MEASURE FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

Hon. NORMAN McL. ROGERS (Minister of Labour) moved the second reading of Bill No. 105, to assist in the alleviation of unemployment and agricultural distress.

He said: Mr. Speaker, when the resolution which preceded this bill was before the house I gave a general statement covering unemployment conditions and the various measures adopted by the government during the past year to deal with those conditions. In view of that statement and the debate which followed during the greater part of the week before the Easter recess, I think it would meet the convenience of the house if I simply made a formal motion for the second reading of this bill at this time in order to advance it to the committee stage. I shall only say in addition that this bill does not differ in any material respect from the Unemployment and Agricultural Assistance Act, 1937, which expired on March 31 of this year. It provides the authority by which the government may make expenditures, subject to parliamentary appropriation, either directly or under agreement with the provinces, for the relief of unemployment and agricultural distress.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I do not want to detain the house, but I had no opportunity of speaking during the committee stage of the resolution. The resolution which preceded this bill is not the same as the bill itself. That is my first

objection. My second objection is that there is no amount named in the bill, and my third objection is that it contains the same principle as previous bills of providing for contact only with the provinces, but not with the larger cities and towns. Last year we had in the bill a clause dealing with industry, but not a thing was done. Our apprenticeship problem could be solved if we had a proper contact with industry, the only agency that can aid in the solution.

Under the rules of the house the proper time to object to the principle of a bill is when it is up for second reading. May day comes next Sunday, and I do not think this bill will appeal to employers, the unemployable unemployed or the employable unemployed. The bill does not create any new jobs in Canada for Canadians. Instead of the municipalities being given some comfort in this bill, the larger cities like Montreal, Hamilton and Toronto are told that they must go to see the provincial authorities; we have no contact with you. We had commission No. 1 appointed and now roving; commission No. 2 has been appointed and we shall probably have its report after two or three years, at which time it is quite likely that another commission will be appointed.

I want to protest against the principle of this bill inasmuch as it grants no power to the government to make agreements with the larger municipalities that are suffering. The unemployed in industry are to be found in the cities and the towns, in the townships and the counties; they will not be found in the parliament buildings in the capitals of Quebec, Manitoba, British Columbia and the maritime provinces, the only people with whom the minister will make contact. All jobs in those places are patronage.

The bill itself is defective. There should be federal loans to industry, and a system of bonuses, subventions and subsidies should be established for certain key industries, just as we did with the coal industry, steel and iron to a moderate degree, and agriculture, with stabilization and other funds. On the second reading I cannot discuss the bill clause by clause, but the bill speaks of making agreements with industry as it did in 1937. No such agreement has been made, so that is a mere paper clause; any agreement made, I suppose, will be about on the same basis as last year, and as a result nothing will be done. The amount for the whole bill is not named. It is to be left, no doubt, to considerations of political expediency because, as I said and as my leader said, there are politics mixed up in many of these votes for public works for relief. Some of the provinces get the votes and others do not. To those who vote properly shall be given, and those who do not vote properly shall not be given a five cent piece, as was said a few years ago with respect to unemployment relief in Ontario. That is the kind of treatment we are getting to-day.

These loans to the provinces, and the agreements under which they are made, are of no value because the province can take the money and do what it likes with it. The auditor general has no control over its expenditure. We know how the money is spent. There has been a certain amount of chiselling in connection with relief grants. In Ontario on one occasion they struck off fifteen per cent, and in addition they took away income tax from the municipalities by two raids, first, federal, and then, provincial, by the economic raid and the financial raid. The cities and towns have had income tax from confederation down to 1918; but since then two raids were made on them, one by the province and the other by the dominion. That revenue would otherwise have gone to help take care of the relief bill, hospital and social services, in the city of Toronto, which was $51,000,000 in the last seven years, and the taxes had to be put on real estate. Of that amount, $20,000,000 is paid by the city and the balance by the dominion and the province. That is a very heavy burden for real estate to carry, and the result is that the building and construction industry is almost at a standstill. This bill will afford no comfort at all to those engaged in that industry and to the industrial workers. They are asking for something, and the government gives them nothing; they ask for bread and are given a stone. There are to be no loans under this bill to the provinces unless there is a certified statement made.

When you look at the votes for public works you find there are votes to build uneconomic roads away back in the north country. It is just a straight hand-out to a certain few contractors and those who attend the good roads meeting for the building of uneconomic roads in the back districts to Hudson bay where nobody who is an industrial worker can work. What about fifty per cent of the industrial workers of the country who will not share in any part of these votes for uneconomic roads? These votes are a direct subsidy to the oil ring and motor car industry, which is competing with the railways and taking business away from them. This bill extends the same principle. In my opinion the principle is wrong and should be remedied. There was a debate in the Ontario legislature on this subject, and the leader of the opposi-

tion there said that this bill was very largely "headlines." The leader of the government of Ontario said not only that it was "headlines" but "headaches" as well. It will give the unemployed and the municipalities a headache too on May 1 next because under this bill there is no relief provided from the intolerable conditions of last year, no relief for real estate or the cities and towns and no relief for the construction and building industry in this country. The relief being provided is only for a certain few.

Summing up the government's policy, in my opinion it is one largely of inertia, coma, vacuum, somnolence, and May day will show that I am correct. The government have no contact with the unemployed at all. The only contact they have is with the provinces, whereas the agreement should be made with the municipal authorities where relief is being paid out on the ground by the cities and towns. The government has done nothing but waste time for two years by appointing the Purvis commission. That commission did nothing but talk. Its report has come out, with a blue cover on it; but on next May 1, I am afraid the unemployed will say it should have a black cover on it, because it provides no relief for the unemployed industrial or agricultural workers who will still be carrying the black flag. This is not a practical house or a practical government, or such a state of affairs would not be tolerated.

What did they do in the United States? Compare the principle of this bill with what was done in the United States, with a population of 127,000,000 people. There, one man, Mr. Hopkins, spent $8,000,000,000 on relief for 15,000,000 people, unemployed and some of them employable. What did the United States senate tell him the other day? They passed a resolution of thanks for his great work in the past five years in the United States. The United States ten years ago had prepared by surveys and reports for those unemployment conditions. Here in Canada ten years ago, when we were sitting in opposition, I urged the government to appoint a commission after the fashion of the Couzens commission of that year in the United States. In Washington they had appointed a senate commission, and the result was they were prepared for the unemployment situation when the great crash came. They had their unemployment surveys and agencies, and all these other agencies, some of which are now recommended in the Purvis report, and I might add that some of the recommendations in the report of the Purvis commission are taken from the report of the Couzens commission re employment agencies, youth, public works and apprenticeship. I contend, Mr. Speaker, that instead of this whole question being sent to a commission, it should be handled by a committee of the House of Commons. You have reports these days, and very good ones, from committees of this house, and especially the mass buying committee of 1935 that was appointed by the present leader of the opposition. Take, for instance, the report of the Bennett mass buying committee, over which the hon. member for Kootenay East (Mr. Stevens) presided. That commission did more work than the Purvis commission, or the Rowell commission, or any other kind of commission; the money spent on it was the best spent money this country has ever had, and the Conservative government did the work well. It showed the people and the unemployed what could be done by careful consideration by this house of this great economic problem and the real facts. The solution of unemployment should be a responsibility of the house and not of any commission, and the house should not be the slave of any commission. Are we to sit here, 245 members, and admit we are slaves to whatever commission is appointed? Are we going to admit that any commission can usurp our functions and powers, take them out of our control without the consent of the majority of the 245 members of this house? The present commission and the last commission may collect all the statistics they like and from whom they like, and gather up the fragments so that none may be lost, but they will be no closer to a solution of the problem of providing jobs for Canadians on relief. The relief problem cannot be solved by these commissions or by any maelstrom, or through a carnival of collecting facts and statistics. The unemployed on May 1 next are not going to depend upon the report of a man who is at the head of duPont's, General Motors and Canadian Industries, one of the directors of the British American Oil Company and of many other Canadian industries that are going to benefit by the policy of the government in building these uneconomic roads away in the back concessions and up around Hudson bay for the oil and motor companies as a subsidy. What benefit is that going to be to the unemployed industrial and agricultural workers? If you thus grant the oil ring and motor car companies a subsidy, so should there be subsidies, bonuses and subventions to industry and the municipalities.

As I say, the policy of the government seems to be to balance their budget, to collect income money from the municipalities, and

also to enable the provinces to balance their budgets at the expense of the hungry and unfortunate unemployed. There was a million dollars in this bill in 1937 for youth, and by contrast there is in the same estimates an amount of three and a half million dollars for the health of animals. All that is done for youth is little or nothing. In my opinion there is no basic difference between losing one's home on a farm in Saskatchewan by the drought route, and losing one's job at home by the unemployment and foreclosure route, which is the way the industrial worker is losing his home. This parliament puts one section, Saskatchewan, on a preferred basis compared with other provinces where the industrial workers are. We are supposed to legislate on a fair, just and equal basis for the whole dominion. But this parliament places agriculturists in a preferred class. I do not object to what has been done out there; far from it; but I object to the treatment meted out to the outcast and forgotten man under confederation, the industrial workers, comprising fifty-one per cent of the population of Canada.

Further, parliament imposes all kinds of taxes. It has raided the income tax field. Now, after two years' delay, the government is back to where it started. It has collected all the facts, but the unemployment situation is very little better than it was before. True it is that there are a few more men in casual work and some other occupations; but it is seasonal, and there has been no proper count made of the unemployed; some of them find work for a short time; but as for any real improvement, I fail to see it, and many listed as employed are so only for a few weeks and are yet employable unemployed. In the Couzens report and the Washington senate committee's report I find several clauses which make some attempt to deal with conditions as they found them; but as for this blue report, we find it of little value. I hope this is the last we shall hear of it, because all this Purvis commission has been is just a humpty-dumpty commission, leaving the unemployed out in the cold. The lady member of the commission seems to be the only member who has a sense of humour. She refers in her minority report to the commission suggesting a method of partition requiring the wisdom and the law of Solomon—with apologies to King Solomon. With such a report as this we have seen, I hope, the end of that vain-glorious humpty-dumpty commission. I opposed its appointment two years ago. I believe that my honoured leader has hit the nail right on the head as regards the way to deal with unemployment; a committee of this house could have met a committee of the provinces around a table and settled the whole question instead of the government appointing a string of royal commissions to act in the way they have done.

I also believe that the kind of agreement about which there was some discussion yesterday, a sort of quasi free trade with twenty to twenty-four countries, tends to the ruin of the home market and the industrial worker. The industrialist cannot figure where his business is going to wind up, because of the taxes imposed upon him and the conditions he has to meet. The way the tariff is being administered now, the tariff has a great deal to do with the matter.

There was a long discussion yesterday with regard to fisheries. I sympathize with the poor people engaged in the fish trade in the maritimes. We know something of what the trawlers have had to meet; yet there is not one word in this report about the fish industry, large and small; not one word about a national coal supply, or anything else that will help the country out; nothing about protection for all these workmen, that would create work for thousands. They could well afford to have had a survey made of the fish industry. I remember in 1924 when hon. members opposite laughed at the idea of a national coal inquiry; Sir Henry Thornton said I was proposing a lunch-counter system of freight rates with subventions and subsidies and bonuses for coal; but to-day three million tons of coal move economically from the maritimes to the head of the lakes as a result of that sound policy with work for thousands. I would apply the same policy of bonuses and subventions and subsidies to industry and agriculture, to protect these primary industries. In England the government has taken over the coal mines. I am not prepared to say that we in this country should go so far as that, but I believe a survey should be made to see what could be done to arrange for a national coal supply, in relation to national employment, so that all the coal we use in this country will create employment for our people; that is, it will be mined under the British flag either in Alberta and the maritime provinces or in Wales. The same policy could be adopted on behalf of the fisheries, the small man and the trawlers.

We are told in the report of the Purvis commission—and the bill admits it—that nothing can be done to give effect to these recommendations of the commission until this larger and vaster commission than has been has presented its report. I saw some of them

in Toronto on Monday morning, these gentlemen with all the secretaries, counsel, advisers and others. Talk about King Solomon in all his glory; he was not arrayed like unto these. They paraded up to the parliament buildings there, where Attorney General Conant in the legislative chamber was ready and delivered an address of welcome, after his leader in the house had said only a month ago that a lot of this government's policy for relief and employment was a "headline and a headache." Now this commission arrived at the parliament buildings to be welcomed by the Ontario administration with applause, this commission which is just doing work that this house could have done; they could find the same information in the library in books and stacks of volumes of reports. If all these commissions were lined up here in front of the parliament buildings on one of these fine days, parading two deep, with all the employees, secretaries, counsel, advisers and others, and the private members associated with them, and with all their briefs stretched out, they would reach one-third of the way to Lansdowne park.

What is this new, vaster than has been, commission doing? My resolution which was discussed in the house at the time when this Purvis commission was appointed, proposed an investigation in connection with the British North America Act and of constitutional and parliamentary law and cabinet reforms which are wrapped up in this particular question. At that time I was told by the responsible minister that it was intended to appoint this vaster commission. The commission was appointed a year after. Instead of dealing with the British North America Act they are going all over creation. They have had as a witness a former chancellor of Germany over here. Dear knows how long they will go on with all the witnesses they are calling, from all over the world; yet all they can do is to give this parliament advice and collect data, with no power to act or go places. You should see the parade of them into the legislative chamber; there were more there than the whole of the legislative assembly to hear these wonderful commission people, including Doctor Dafoe, who was criticizing a while ago the waste of natural resources. Doctor Dafoe seemed to be the gloomy dean of the commission. It was only ten years ago, when I sat in the house, that the said doctor—I do not know what he is doctor of—was in the gallery on a visit to Ottawa about the time when the Siftons by the Ottawa canal bill were trying to get the whole Georgian bay and all the natural resources and water powers of the Ottawa river given over to them by a Liberal government, in the spring of 1927. I say that is the answer to the reference by one of the commissioners to the waste of natural resources, which has no doubt caused considerable unemployment.

This new commission is dealing with the very thing which is covered by the Purvis report. In fact, the Purvis commission seems to be the lower house and the Rowell commission the upper house in connection with this whole question. After a review of the Rowell commission I would call them the doomsday commission; when all the reports they are collecting have been assembled they will be known as the collector of the modern doomsday book. The doomsday book of 1086 was a real report. It is the first economic report we have. It counted up every man, woman and child in England; it enumerated every town, house, lot, farm, horse, pig, cow, sheep, it was a real report and it gave some information. It was not like some of our modern commission reports for which the minister is responsible. In the minister's department the unemployment situation is dealt with by means of an index system; a few letters are written to industries inquiring as to the number on the payroll, and so on. That is not the sort of report that will get us anywhere. I know of one industry in Canada presided over by the chairman of this commission. What did he do in the very week during which this report was signed and presented? What did this representative of the duPont dynasty do?—this gentleman who is supposed to have the interests of the Canadian working class at heart? I will tell you what he did in one industry. He and his fellow directors and managers introduced into the industry of which he is the head a machine that put out of employment seven or eight men who in all their lives had never been off the payroll. That is one thing he did in one of the industries of which he is a director and it indicates how he solves the unemployment problem.

I can tell the minister that there will come a day of reckoning for the government on account of these royal commissions they have appointed. Yes; there will be a day of reckoning for the way in which they have mishandled this whole problem. Compare what these roving commissions in Canada have done; compare the way in which this government has handled the unemployment situation, with the work that has been done in the United States, by one man, Mr. Hopkins, in a country with a population of

127,000,000. He had the power to do something and he went ahead and did something practical. The other day he was congratulated by the United States senate upon the manner in which he had dealt with the question not only in connection with housing and slum clearance, but in other respects as well. I do not approve everything that has been done in the United States in this regard; far from it. I know that they have made mistakes, naturally; but they have done a good deal nevertheless for those on relief and for the municipalities. They have done good work in many ways in dealing with the unemployment problem.

In Canada a good deal of unemployment has been caused by the failure of the government to put on dumping duties and tariff protection and thereby give industry a chance. We have been here now for three years, this is the third session. The first year we went away without having accomplished anything; the second year a commission was appointed to make an investigation; and now the matter is still being investigated. We have had one report, and by the time the whole thing is disposed of, it will be found that nothing has been done. The very object of appointing the Purvis and Rowell commissions has been to prevent the House of Commons from doing anything practical; they have simply hindered the House of Commons in its functions. That is the purpose for which these commissions were appointed, as the government do not want to solve things, and the result is that the unemployed are still idle. The government's present policy will get us nowhere. It seems for the unemployed to be based on the principle that a commission a day will keep the bailiff away. The government's policy has been simply this: it has mistaken the babble of the Purvis and Rowell commissions for the voice of the people of Canada on these social and industrial questions.

I asked certain questions in regard to slum clearance, and housing, and the hon. member for Greenwood (Mr. Massey) also made certain inquiries along that line, but we have not received any very definite information. The leader of our party when in power appointed a committee of the house to look into the question of some slum clearance, and housing, and that committee sat for weeks and got somewhere on the motion I introduced in 1935.

In reply to questions asked by the hon. member for Greenwood in 1935 as to what had been done in regard to housing, we found that nothing had been done. They did not have a place even to house Duncan Marshall's famous bull and it died.

On April 6, I asked the following question with regard to the recommendations of the housing commission:

1. Have any steps been taken by the government to carry out the recommendations of the special committee on housing in 1935 in their final report?

2. Will any federal slum clearance program as set out in this report be considered or brought down this session not only for the cities, but for the country?

In answer to the first question the Minister of Finance (Mr. Dunning) replied in the affirmative. He seemed to be the only minister doing anything in connection with the Dominion Housing Act. Under the housing act a lot of money has been spent, and I admit it has helped some people and given them a good bargain; but the unfortunate part of it is that though the act is dominion-wide it has been of little benefit to those who have no money. It is only for those possessed of some assets and employable. As for any general scheme to help the industrial worker, nothing whatever has been done to give him work from industry by the bonus and subsidy policy. The industrial worker does not want any favours; he simply asks for equality of treatment with others as in Saskatchewan. He wants to get equal treatment with the agriculturist. If the government had set up a committee of the house three years ago we would have got somewhere. To return to the work done by Mr. Hopkins, what did he do? He himself ascertained the extent of unemployment among a population of 127,000,000; then he asked for the necessary money that would enable him to act, and he did act. Before he took charge—just one man in that vast country—people stood in the bread line for hours, and many were foreclosed. Now conditions there are not what they used to be. But what is being done in Canada?

The minister referred to the tourist trade and he gave an estimate of what it would amount to. He talked about three hundred millions, but that seems to me to be altogether too extravagant. At any rate, how that is going to help the unemployment situation I do not know, and where does the estimate come from? No doubt it creates some work.

In England the government, through its responsible ministers, addressed the unemployed and the youth of the country, saying to them: "You young people are on the dole. Would it not be far better for you to work for the government and for your country

on land and sea and in the air and be independent, serving for five years and on a voluntary apprenticeship? You will learn a trade and will receive from $1 to $1.50 a day and you will get your food and clothing, and splendid recreation, not in crowded camps but in good housing accommodation. You will live the life of an ordinary civilian in this volunteer service." That was what the government did in England, and the result is that a large number of the youthful unemployed have been taken off the relief rolls. The movement has been twice blessed; it has helped to rearm England and it has been a great boon to industry and to employment. We were told that this government, if elected, would end unemployment, but after three years they have done nothing. All they have done has been to submit to the law courts the wise, social legislation passed by the former government; yet they are ready to criticize the one government that did do something for the industrial workers of Canada. The former Prime Minister, now leader of the opposition (Mr. Bennett), got a raw deal because he was the first Prime Minister since confederation to explore all the paths of trade and commerce and to adopt practical measures to cope with the unemployment situation. But we find now that these roving commissions appointed by the present government simply move around the country like an opera company and minstrel show, crowding all the hotels and trains, and reaping the benefit of the work done by the mass buying committee and commission appointed by the late government to investigate these very problems that these commissions are now looking into. When their report is presented you will see that it will be merely a paraphrase of the Couzens report, after the fashion of the report of commission No. 1. The Purvis commission was the retail end of it and the Rowell commission is the wholesale end of the commission trade.

Now I wish to refer to the situation of the city from which I come in regard to unemployment. The government say they are sick and tired of hearing about life-saving stations. Well, they had to call upon the United States life-saving crews frequently in order to save Canadian lives on the upper great lakes; I can give you the pictures if you want to see them. If we created our own national life-saving service and training for the navy and merchant marine, it would help create employment and would be of benefit to shipping and empire defence. This government sent representatives to the last imperial conference. There New Zealand and Australia learned something about how to relieve unemployment through shipping, but what did we do? Our representatives sat there and did nothing but veto every proposal for a shipping solution. New Zealand and Australia got something out of it. I have here a return from the city treasurer of Toronto showing that over $51,000,000 has been spent in that city in direct relief, hospitalization, social services and things of that kind. In the last seven years this government have taken from the province of Ontario over $250,000,000 by way of income tax. The figures for each year are as follows:

1931	$34,713,000
1932	30,268,000
1933	30,681,000
1934	28,613,000
1935	32,104,000
1936	40,156,000
1937	58,162,000

This is from the last monthly statement of the Bank of Canada, the white book which is published monthly. In other words, during these seven years this government took from the industrial province of Ontario the sum of $254,697,000 in income tax, and for 1938 it will probably amount to $72,000,000. What did they spend on relief during that time? For the whole of Canada they spent only $203,000,000 on direct relief. In other words they collected $51,000,000 more in income tax from Ontario then the total cost to them of relief in Canada. That shows the extent to which Toronto and the other large industrial cities of Ontario are soaked, and they can get no relief. One of the results of these employment commissions is that they create more unemployment. Unemployment is caused by the government appointing commissions to meddle in domestic and economic problems. In all this I see the decay of parliament and the decline of the House of Commons. The report proposes no new remedy for Canada's problem of distribution or for restoring private property, as it was held by the people in the days of Macdonald and Laurier. I contend that if the Purvis commission had made a survey along the lines of the survey made by Hon. Mr. Brown, Minister of Labour in England, a great many of these young people who were taking the dole would have welcomed the opportunity of learning a trade under the apprenticeship system that I suggested some time ago. Two years ago, when discussing the appointment of the Purvis commission, I told the house something of what had been done by the British board of education along this line, and Miss Perkins,

secretary of labour in the United States, has adopted some features of that English educational system of apprenticeship.

The other evening a special grant of some $2,000,000 was made to Saskatchewan, most of it for education. That is one of the difficulties under the present state of affairs. Does the house know that the city from which I come spends about $12,000,000 on education, and receives from the province only from nine to eleven per cent of that amount? In other words about ninety per cent of that amount has to be paid by the taxpayers of Toronto. There should be concurrent jurisdiction in regard to education; the dominion should contribute something also for education for each municipality. That would create employment, and the same would apply to public health. We hear talk about the road problem; the government are going to do something about these uneconomic, wasteful roads, which are nothing but subsidies to the oil and motor car industries. The roads should be built somewhat around the industrial cities and counties where the unemployment problem centres most.

The decision to give work instead of a dole to the unemployed is a bold experiment which has national sympathy. All recognize the demoralizing effects of idleness, and the improved morale that comes with work. There is agreement that the unemployed and destitute must be cared for in a humane manner, and that this had much better be done by providing work at fair remuneration than by any system of gratuitous public support. The real question is whether so vast an undertaking to provide employment under government auspices will realize the hopes that inspire it. From the standpoint of the rest of the community it must be regarded as an additional problem and burden at a time when each and every household is beset with new problems and difficulties of its own. Granted that there is a social obligation to care for the helpless, there is a primary obligation for every person to provide for himself and his family dependents in so far as he can do so, that he and they may not be a burden upon others. It is the individual's own sense of this obligation and of his failure to meet it that causes the humiliation and moral deterioration resulting from the continued receipt of public relief. All social obligations are reciprocal; no one owes more to another than the other owes to him, and self-respect requires of all of us that we impose no unnecessary burdens on each other.

The right to work is real in a proper sense. It is right that everyone should have an opportunity to work, but as one person's claim on his fellows it is subject to limitations. It cannot be said that he has a right to any particular kind of work, or work at any particular rate of pay, or at any particular place, for obviously it might not be possible for every person to be supplied with work on his own terms. The rights of an individual are limited by the equal rights of all other persons, and regard for the general welfare must be the guiding principle.

These considerations require that the policy of aid to the unemployed shall have regard for industrial recovery. First in importance to the common welfare is the maintenance of the economic system in at least its present efficiency, and its restoration to normal capacity as quickly as possible. The monetary system is the very heart of the economic system, and the solvency of the nation is dependent upon both. A breakdown of the monetary system would paralyze industry and plunge the nation into chaos. I have referred to the standing menace of currency agitation and the relation of an unbalanced budget to this peril is the very crux of the problem. Unless favourable results from the policy are evident, the treasury deficit will naturally become a matter of increasing concern among investors and business men considering long term commitments, the very class of business in which revival is most needed in order to revive industry.

In conclusion, Mr. Speaker, may I say that coming from the industrial city of Toronto I am very much disappointed in this bill now before the house. However, there is one provision in it of which I think advantage should be taken. It is the provision concerning agreements granting financial assistance to industry. I believe if we applied bonuses, subventions and subsidies not only to agriculture but also to industry, some result might be achieved. I believe also there should be large grants to the larger municipalities in order to help them solve their real estate problems. The province is taking $11,000,000 from Toronto by way of income tax, and only about two and a half million is given back. As a result the city is out about $9,000,000. The receipts from that income tax would go to take care of municipal services of all kinds, which have been starved for the past six years. In Italy they have solved the problem. They are advancing money to the municipalities for the relief of unemployment, to be used in the construction of schools, courthouses, hospitals and public works of every kind, taking care of their needs for the next forty-five years. I am suggesting that these

[Mr. Church.]

loans be made in a lesser degree to the municipalities. We will remember that in 1919 a loan of $21,000,000 was made to municipalities for housing purposes. Almost every dollar of that money was paid back. In fact the municipalities seem to be the only organizations which pay back to parliament. Does the Quebec harbour board pay back, or do other harbour boards pay back money advanced? No, they do not.

For these reasons I believe the bill is not adequate and does not provide an adequate remedy. It does not provide enough and will be only a small source of comfort to the unemployed next May day. We have sat here and failed to do anything. We appoint commissions which do nothing. The onus for the solution of the problem is on the government, and so long as they form the government hon. members opposite must accept this great responsibility, a responsibility with respect to which they have fallen down all along the line. They have attempted to transfer the responsibility to a roving commission which appears in Vancouver to-day, Calgary to-morrow, Toronto the day after, and dear knows where they may be before they wind up.

This is not the responsibility of a commission; it is that of the House of Commons and the government. One point further: I believe the right hon. the leader of the opposition will be remembered by the people of Canada for many years to come. He was the first man who ever tackled social problems and trade and commerce, and who ever attempted to dissect sections 91 and 92 of the British North America Act. He would have had this matter discussed around a table by the dominion and the provinces and got a quicker solution. He did the spade-work, and got nothing but abuse for it. Although my right hon. leader may not be the head of the government, certainly he is de facto the leader of the House of Commons in matters of legislation this and last session. Certainly the government would have been better off if it had accepted his constructive policy of meeting around a table here in Ottawa, of hearing the views of the provincial governments and attempting to bring about the solution of the problem when all information was available.

I see no hope at all for the municipalities. They are outcasts. The federal government will not deal with them. One might think that they had some sort of legislative disease. This government will not deal with the mayors and boards of control of Hamilton, Toronto, Montreal and other cities. It says, "You may go to the provincial governments. We will have no contact with you." That is a wrong policy, and one which has been found wanting in many respects. The matter is being handled in England, New Zealand and Australia, but we sit here day after day and do nothing but act as a lot of slaves for these useless commissions.

Mr. J. A. MARSH (Hamilton West): Mr. Speaker, I shall try to be brief in the observations I have to make on this measure which has for its purpose the alleviation of unemployment and agricultural distress. After studying the contents of the bill one must conclude that in scope it seems to be broad enough; it seems specific enough in its clauses to meet that problem which, I believe we must all admit, is one of the greatest problems confronting our people.

But I am mindful of the fact that we have on our statute books measures which, while considered wise when they were passed, have failed to remedy conditions, because of poor administration. For that reason, and because the present measure is not dissimilar from the bill of last year, I am much concerned as to the possibility of proper administration.

Much of the discussion in the house thus far respecting unemployment—and I must plead guilty to contributing my share—has dealt chiefly with the extent of the problem. We have failed in our consideration of what we must do to cure the ills of unemployment. I wonder if we can look forward, not back. I wonder if we can forget the things that have been done in the last few years in an effort to solve the problem? I wonder if we will devote our attention to the problems of to-day, and if we will deal with them. We must, too, be mindful of the problems of to-morrow. I do submit, however, that so much of our discussion concerns yesterday and yesterday's problems that, for the most part it is futile and useless.

When the resolution upon which this bill is founded was in committee stage some weeks ago, the minister said that we should avoid excessive pessimism. I heartily agree, because I dislike the pessimist and avoid him as heartily as I do those little black and white animals we meet occasionally on the back roads. I believe the biological name is mephitis mephitica—and that is not the name for a cat. I do not like the attitude of the pessimist, but I suggest we cannot be blamed for being conscious of, alive to and aware of the tremendous distress throughout the country to-day. That consciousness is not pessimism; pessimism is the refuge of the craven. Rather than being pessimistic I suggest we are simply being aware of the hardships being

undergone by our fellow men. The problem is a difficult one, one which requires not an alleviate, not a prop or a crutch—because these are not permanent—but a cure.

No one can be more conscious than I am of the difficulty the minister had in administering the last measure. A few days ago I was speaking to the mayor of Hamilton, and during the course of our conversation it was indicated that in Hamilton $4,000,000 had been spent in five years for purposes of relief. Of that amount $3,000,000 had been funded. We find, further, that to-day the city of Hamilton is increasing its relief rolls to the extent of 1,000 people a month. I am informed 250 heads of families a month have been added in the last three months to our relief rolls, and this at a time when one might normally expect conditions to improve, the spring of the year. In that observation I make allowance for the normal lag in relief figures from the winter months.

In other words, no matter how we may brag about our trade, the situation in Hamilton—and after all I speak for Hamilton, because if every hon. member discussed the problem as he knows it best we would make better progress—is becoming definitely worse. Certainly it is not getting better.

I wonder if our approach to the problem has been lacking, as we have tried to deal with it year after year. My submission is that if we can find a way to stimulate the building trades, and to reestablish the home as the centre of national prosperity in this, or any other country, we could go a long way towards solving the difficulty. In Hamilton there are sixteen per cent fewer homes owned to-day than there were seven years ago. Only three or four days ago eight hundred properties in Hamilton were sold at a tax sale, and as a result the city became a property-poor landlord. The amount of money involved was $85,000. Why has that condition developed? The reason is that the home owner and the tenant—because whether or not a man owns a home he must pay for it if he lives in it as a tenant—are staggering under burdensome taxation which they cannot long continue to bear.

That burden has been placed on his shoulders by one senior and two junior governments, namely the federal, and the provincial and municipal governments. I do not think the city I represent is any different from any other city. I am convinced that the cities of this country are becoming property-poor landlords; that their people are gradually becoming a nomadic race who wander about from one house to another, sometimes doubling up two or three families in a house. This is aggravating a housing problem, of which I know the minister is conscious.

I was interested in the minister's report on housing. I have nothing condemnatory to say of the housing program, but I suggest that he is inconsistent when he refuses to co-operate with the mayors' association to provide a solution and do something for our municipalities. If it is necessary that our people should be properly housed, it is also necessary that the confidence of the man who owns a home should be built up so that he will have an urge to keep it.

Mr. ROGERS: I do not think my hon. friend intends to misrepresent me. I did see the mayors' association, not once but on several occasions.

Mr. MARSH: I did not mean to say that the minister did not see the association; I know that he did. What I meant to convey was that the Minister of Labour has not seen fit to bring in any legislation that would lessen the load, that would proceed along the lines suggested by the mayors. If we can create in the man who owns a home the urge to keep that home; if we can make it possible for a young man and woman to own a home without being staggered by the burden of taxation and being forced to say, "What is the use, it will be confiscated in a few years?" then I submit that we shall be doing something for unemployment.

I wonder if it is possible that we as a parliament are thinking too much internationally; that we are thinking of international problems, of the place of Canada in the empire or in the world of nations. Are we thinking too much about big projects and neglecting the biggest thing we have to-day in the Dominion of Canada? What is that? It is a man. Take that John Citizen and multiply him a few hundreds of thousands of times and you have a nation. We should get down to fundamentals and think in terms of men and women, of young men and women. When we think in terms of the individual, then we shall be thinking in terms of national prosperity.

I should like to read an article that appeared in a magazine called Canada's Business. I think it is so fine and deals so clearly with this situation that it should be read into Hansard. The title of the article is "Taxes Retard Building" and it reads:

During the last eighteen months the federal government has been priming the building pump through its public works, H.I.P. and home building legislation. Only recently another dominion-wide architectural competition has been announced from Ottawa but even in the

low-cost-home field, which this latest contest is designed to assist, there is another factor that would seem to need urgent consideration by governments—taxation on property. In 1934, for instance, about one-third of Canada's tax revenue from all sources was derived from taxes on real property.

The Rowell commission inquiry is bringing to light many interesting facts and that brief presented by Winnipeg's real estate board, while only one of the property owners' voices that will be heard, bears comment. In Winnipeg, to take a particular case, property owners pay 92 per cent of that municipality's revenue in levies on real property or in charges connected therewith and revenue from other sources in most municipalities is likewise compaartively small.

I would interject to say that in the case of Toronto the percentage is 90 per cent, and in the case of Hamilton, approximately 89 per cent. I quote:

While rents vary with the times, the property owner goes on paying static or increasing taxes, meanwhile, the property tax bears no relation to earnings from that property, although this tax basis is enjoyed by Great Britain.

But property owners in Winnipeg comprise less than one-third of the voting population of that city. Thus the people who pay 92 per cent of the taxes are outnumbered two to one by other voters. Is this an unfair burden on a minority of the voters who have a minor voice in electing those who dictate tax rates and tax spending? The vast amount of property taken over by the city for tax arrears shows how little encouragement there is, for people to build their own homes.

Moreover, in the nine years from 1928 to 1936 city taxes on 23 representative commercial properties in Winnipeg averaged 37 per cent of gross revenue from these properties or over three times the respective wage bill.

What is the best way to make a good Canadian? I submit that the best way to make a good Canadian is to give him a stake in the country. If I ask one of my fascist friends to tell me about fascism he cannot do it; there is not one in a hundred who can. If I ask my communist friends to describe communism to me, there is not one in a hundred who can do it. But if I ask any one of those men if he understands what it means to lose a home, what it means to be discontented, he will soon say, "amen" and give me a complete peroration on what it means in the way of human hardship to lose a home.

Discontented men and women provide fertile fields in which the fascist party—I think their numbers have been greatly exaggerated —or the communist party—likewise exaggerated—can sow their seed, which may be nurtured and grow to be a real danger to our democracy. What can we do? We can make real estate attractive to private capital. I do not think the erection of public buildings is a solution. The solution would be to spread that money around by way of lessened taxes on those who have property and thus give encouragement to young men and women who want to buy homes. At the moment private capital considers that an investment in real estate is throwing money down the sewer.

For the last two or three years the civic administration of the municipality that I represent has hewed close to the line. The city of Hamilton is a business man's city and it has been run as such. Expenditures have been wisely made; we have been paying as we go. Two and a half years ago the city of Hamilton was nearly bankrupt; to-day it is solvent. But what encouragement do we get? In the last three years the basis upon which relief has been paid has been increased from 20 per cent to 37½ per cent. We cannot plan; we cannot budget successfully when we do not know what we shall have to pay for relief. It will be impossible for us to remain solvent if we have to continue to bear the present load of 37½ per cent of relief expenditures.

The minister may say, "Where am I going to get the money"? Perhaps the Minister of Finance (Mr. Dunning) will want to know that. As I said on one other occasion and as stated in this chamber many times, the municipality is extremely limited in its scope of taxation. The provincial government has wider powers of taxation, but the dominion government has the widest powers of all. We as a government have no money? May I assure you the home owner has none and we are trying to take from him the little he has, namely his equity in his home, the only thing that keeps him a good Canadian.

There are natural difficulties in the way of the successful administration of this legislation. There are problems that might be said to be provincial. There are provinces to the west of us which in years gone by have contributed to the granaries of the world. They have been mighty provinces and they will be mighty again. I am not bragging; I am simply stating a fact when I say that in Ontario we have no destructive acts of God. Our acts of God are blessings. We have no catastrophes; we have no famines. Our problems to-morrow will be substantially what they are to-day, and our problems to-day are pretty much what they were yesterday. But the fact remains that old Ontario has paid millions and millions of dollars to the west. We are glad to have done so and I wish we could do more; but if the province of Ontario is to

remain solvent; if it is to continue to be the financial anchor upon which the other provinces may depend in times of stress, then the province and the municipalities in Ontario must be given a break.

Just a word about youth reestablishment. I am asking the question: What has youth received in return for the two million dollars that was voted last year? I am not asking it in any sneering way, because I am not sure but what the minister has done as much with that two million dollars as he has been able to do; but I am cognizant of the fact that 1,606 young men were put into either learnership courses or apprenticeship courses to farmers, and that approximately 1,100 young women were put into training in this or that vocation or into the home.

Mr. ROGERS: Is my hon. friend speaking of Ontario? His figures must be for one single province.

Mr. MARSH: Yes; I was speaking of Ontario. I am subject to correction, but I understand that the number was 1,606 young men and over a thousand young women. Might I suggest that that vote has merely scratched the surface. Great problems in the past have been sometimes met with the theory that the end justifies the means, and therefore we have to do it. I do not like to talk about war; I hope we may be spared a war, and yet the time may come when we shall have a war. If a war were to start, and if the very existence of Canada were at stake, this parliament, I venture to say, would vote a few hundred millions of dollars just like that, and seventy-five per cent of the members sitting here would vote yea. Is it possible that this problem of youth reestablishment is one of which we can say that the end justifies the means. Let us forget about the emotional and sentimental part of young men and young women, forget for a moment their spiritual needs and the ideals that are so common to youth, and think just for a moment of the problem as a financial one. I am told that it costs $7,000 to bring a child into the world, and to bring him or her up through the tender years of childhood through public school to high school, pay doctors' and dentists' bills, and pay the contribution we all have to make for living in organized society, and turning him out at the age of sixteen into the professional, mercantile or industrial world. Now seven thousand times the number of young men and young women of sixteen years of age who are out of a job represent the substantial sum of several hundred million dollars, and that is an investment which is yours, Mr. Speaker, and mine, and which we should protect. I hope the minister has in mind appealing to this parliament for a substantially increased vote for the reestablishment of youth.

And now may I ask that this government deal with the realities and be not too much concerned with the supposedly big things? What are the realities? Home, the individual, young men and young women. These are the things which contribute towards the wealth of this country, and it is the only wealth about which we as a people are justified in boasting.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, I offer no apology for speaking once again on this subject. It will be recalled that I spoke on it when the resolution which preceded the bill was before the house. At that time we did not know what the bill would contain, but judging from the resolution itself I took the liberty of suggesting that the bill would not visualize a forward step in dealing with this great problem.

I do not apologize for another reason, and it is this, that this is the most important measure to come before parliament this session—the most important measure, bar none. It represents the full measure of the government's appreciation of the great problem of agricultural distress and unemployment and their duty towards it; and realizing that, I cannot remain silent. In the face of this bill I must express not only my disappointment but in perhaps more precise terms my criticism of the course which the government has pursued.

One would think that parliament, and indeed the government, were unaware of the fact that we are actually in a new economic era. We have been passing through a veritable revolution during this last ten years. It has been a bloodless revolution, for which we should be duly thankful; nevertheless it has been a real revolution. The conditions that obtain to-day and the major economic factors dominating our life are such as never existed before, nor shall we ever return to the conditions and the dominating factors of ten years ago. Scarcely a day passes that one does not hear some business man— I qualify that because, thank heaven, there are a great many who to-day are coming to realize the situation; but you hear some fairly prominent business men talking as if we were going to turn back the wheels of time to the conditions that preceded 1929. I think parliament ought at least to come to this fundamental decision, that we shall never go back to those conditions again.

My hon. friend who has just spoken (Mr. Marsh) very properly suggested that we

should look at the problems as they are today and as we anticipate them to be tomorrow and in the days to come, and that we should forget the past. I would not like to go that far because I do believe that from the experience of the past there are very many valuable lessons to be learned. But to base our legislation, the measures we are adopting, upon the assumption that by a turn of the wheel we are going to wake up some time and find ourselves back in the halcyon days of 1928 and 1929 is sheer folly. Indeed, I feel to an extreme degree the responsibility that rests upon me as an individual member of the house; and to a much greater degree does that responsibility rest upon the shoulders of the government. There never has been a leader of the government in Canada who has been louder in his advocacy of responsible government than the present Prime Minister (Mr. Mackenzie King), but I want to say this to him—I am sorry he is not in his seat—and to his colleagues that it would appear—I hope I may be wrong—that they are basing their legislation and their discharge of their duty upon an evasion of responsibility rather than upon an acceptance of it. That is the situation developing in this country, as I see it, and I am hoping that before this session ends we may find the government giving some leadership in accepting responsibility in some of these matters.

Let me turn for a moment to the bill. This bill is supposed to be, on the implied assurances of the minister, at least, and his colleagues, the fruition, shall I say, of the labours of the commission that has been sitting for two years. That is what this bill is supposed to be, because two years ago when we were asked to vote for the appointment of the commission we were assured that it was necessary to set up the commission in order to explore the ground, and that when the commission had performed its duty that would be the time when we might expect measures to give effect to recommendations made after a careful study of the conditions. I again remind the minister that when the commission bill was before the house I warned the government that we should wake up—after eighteen months, I said; I find it is two years now—with little or no progress made. The preamble of that bill, chapter 7 of the statutes of 1936, closes with this sentence:

> Whereas it would appear that such nation-wide cooperative effort can best be effected through the appointment of a representative national commission, with power to cooperate with the provinces, municipalities and other agencies in respect of unemployment relief, and in an endeavour to provide work for the unemployed. . . .

As I pointed out the other day, the net result as far as the commission is concerned is a report which shows that the commission had become acquainted with the various problems, and it makes certain recommendations and suggestions. That in itself is somewhat disappointing, but the bill that the minister now bases upon the commission's report is nothing more, in effect, than the bill we had two years ago, three and four years ago, and certainly a year ago, and is simply carrying on the same old form of temporary cooperation with the provinces. Indeed it goes a step further down the scale by saying that the dominion "should continue for a further period to support and supplement the measures of the provinces." The word "supplement" is introduced for the first time. The government is accepting an even lower position of responsibility than it ever did before, by implying, through the introduction of the word "supplement," that the measures must be instigated or originated by the provinces and that this parliament will provide for supplementing such measures.

Surely parliament must be alive to the position in which we now find ourselves. The commission appointed two years ago has studied this question, yet now we are merely asked to do exactly what was done two years ago and a year ago and other years preceding them; there is nothing at all in the nature of progressive measures, no recognition of the possibility of a solution of the problems, no recognition of the fact that there are definite, permanent problems. I wish I could impress that point upon the mind of the minister, that we are confronted with definite, permanent problems and not merely an emergency such as we thought, about nine years ago, was all that this condition represented. When the collapse of the New York stock exchange occurred in the fall of 1929, and we were faced with a serious recession of industrial and financial activity all over the continent, there was naturally a condition of emergency; then unemployment occurred, and it swept through the country. But surely now that it has lasted for nine years, and along with that experience we have, goodness knows, literally mountains of reports, in the United States and Canada as well as from other parts of the world, showing the existence and the causes of this problem, it is most deplorable that we find ourselves just where we were at any time during this depression period, and virtually no further advanced; a little provision made for a few men here and there, but no attempt at a solution.

Let me say one other thing before I refer further to the report itself. As I said when I

spoke on the resolution, it is rumoured that the government intends to bring in a list of appropriations for public works. I submit to hon. members that that list of appropriations should have accompanied this bill or should have been tabled with it, so that we could give fair weight to whatever effect they may have on existing conditions. As I have already said, it may be that these appropriations will disclose something startling, but from my survey of the government's approach to the question I do not anticipate anything of the kind. I think what it will probably amount to is a list of public works, such as post offices and buildings and dams, scattered over the various constituencies of Canada, which will have a tendency to act as a sedative to local disturbance and agitation. It is possible that there will be included in the appropriation some lump sums for cooperation with provinces in road building and a few other activities of the kind. That is about what one can visualize. I would say that this bill should not pass its second reading until the minister tables the appropriations referred to in the bill and upon which the efficacy of these measures depends. All through the bill, it will be noted, such language as this is used, that the government may enter into agreements with provinces and depending upon expenditures such as are "made out of moneys appropriated by parliament." I suggest to the minister and to the government that before parliament is asked to give sanction to the second reading of this bill there should be tabled the list of appropriations referred to in this bill.

Having said that, I wish to discuss the matter in a little more general way. One would naturally expect that the bill would give effect to what I consider to be the somewhat meagre recommendations of the commission. No one can say that this commission ran wild. No one can criticise it on the ground that the measures it suggests are too extravagant. They are extremely cautious and conservative: in my opinion they do not go in any sense far enough. But the bill which represents the action of the government falls short of the report itself. It does not implement that report to any extent. I find very little in this bill which deals, for instance, with the tourist trade. I do not know that there was much in the commission's suggestion, except that this is an important activity and should be exploited and developed. Already we have a body to do it, but one would have thought that some attention might have been given to the matter. Take the question of housing, which was dealt with in such an interesting way by the hon. member for Hamilton West (Mr. Marsh) and was referred to in the interim report. Here again the commission were exceedingly cautious, but they do recommend a definite attempt to promote and encourage housing. I have spoken on this so often that I do not intend to labour it, as my views are very well known. It is not a solution of the economic difficulties which are the background of our problem—not at all, but it is one of the things which would lend itself to a most substantial reduction of the number of unemployed. A day or two ago I was reading a report from the United States in which it was stated that the value of the ordinary dwelling houses of the people of that country is greater than that of all other forms of construction put together. I am not prepared to assert that as a definite statement of fact, but I have no doubt that the aggregate value of the dwelling houses of Canada is a tremendous single asset.

We do know, and the most casual, the most indifferent observer cannot but be impressed with the fact, that in the realm of housing, particularly in the cheaper classes, the lower rental classes, Canada is lamentably behind the times and in arrears in construction. I know that very often hon. members on the other side, if they do not voice the feeling audibly, at any rate intimate it in other ways, that no suggestions are forthcoming. They say, "What suggestions have you to offer"? Well, in the first place it is not our business to make suggestions; I may have ideas but I am quite without the power of giving them effect. It is the business of the government to give leadership in these matters. I am prepared, however, to make some suggestions, as I have done on other occasions. Again I refer to the remarks of my hon. friend a moment ago because they were very much to the point. He pointed out, as I did two or three weeks ago, that the weight of taxation upon real estate is one of the chief impediments to normal housing construction in Canada, let alone a program of rehabilitation in the housing situation. To the maintenance of normal housing conditions in Canada one of the main obstacles is the weight of taxation. There is scarcely a city in the country that has not on its hands, according to its size, from hundreds to thousands of parcels of land that have been taken in on tax sales—yes, and in many instances buildings too.

Now there we have two important factors. We know that housing is of tremendous importance from the economic standpoint. It is one of the largest assets we have. We know also that it is lamentably in arrears in ordinary construction, and we know that one of the chief causes is the burden of municipal

taxation. I am going to make one suggestion to the government, a suggestion which I am prepared to elaborate, though not at the present time. It is something to which I have given a good deal of study. I think the federal government could and should offer to pay in the form of a subsidy to every municipality in Canada a sum equal to twenty-five per cent of its taxes derived from real estate on the condition that that municipality shall not increase its assessment rate or its assessments during a stated period of years—

Mr. DUPUIS: They are already too high.

Mr. STEVENS: Yes, they are too high, and I was about to suggest that they should be reduced by twenty-five per cent, and that the dominion government should pay a subsidy to compensate the municipalities for the reduction of twenty-five per cent. That, in my opinion, would remove at once the main difficulty by which rehabilitation in housing through ordinary channels is now prevented from proceeding. If we can start in this country a general, nation-wide movement in housing it will take us thirty years to catch up. Leaving aside growth, expansion and increase in population, it will take us thirty years to catch up with the necessary housing in the cities and towns of Canada; and I hope we can carry it at an early time to the farms of Canada, particularly in the backward districts of the old provinces and in some of the newer districts of the newer provinces, where housing conditions are indeed deplorable.

Not long ago a survey was made in a large section of Saskatchewan, the northern section, —it did not cover the whole province—by the university of Saskatchewan, and it was found that in many homes, a very substantial proportion of them, there was no manufactured furniture. It was found that in many others there was very little, and in most instances they were four or five years behind in the purchasing of furnishings and clothing, to say nothing of machinery. With a known condition of that kind we are faced in Canada with economic problems that ought to be focussing and demanding the attention of the house to the exclusion of other things; yet this afternoon we have had a very desultory attendance in the house, an extremely poor attendance, when the most important measure of the session is before us, a measure vitally affecting this matter. I see three ministers in their seats.

Mr. GARDINER: How often has the hon. gentleman been here this session?

Mr. STEVENS: I have been here constantly since my return.

Mr. LAPOINTE (Quebec East): Once every two weeks.

Mr. STEVENS: No, I have been here constantly since returning from a trip abroad. If the Minister of Agriculture (Mr. Gardiner) will go back over the last twenty-seven years that I have been in this house he will find that very few members have attended the sessions of parliament more closely than I have done. I believe the Minister of Justice (Mr. Lapointe), who is the only older member in the house than I, will at least accord me that. True, I was away in the early part of the session when I was absent from the country; but what I am saying has reference to this particular occasion and the discussion of this bill. I am not speaking of the discussion of ordinary estimates or of any pro forma matter; but here is a bill, the most important measure before the house this session, and there is comparatively little attention being paid to it.

Mr. MARTIN: Particularly on the opposition side, as the hon. gentleman will agree. Just look!

Mr. STEVENS: In all parts of the house.

Mr. MARTIN: Look opposite; it is pitiable.

Mr. STEVENS: In all parts of the house. If the statement gives offence to the Minister of Justice and the Minister of Agriculture I want to assure them that it is not said in any offensive spirit. I mention it merely because I am interested in this measure.

Coming back to the question of housing, I make the suggestion which I have submitted because in my opinion it is one of the things that will go a long way in the direction of reducing the number of unemployed in Canada and it will give the greatest impetus to the development of business; because anyone who has studied the question knows perfectly well that money spent in the construction of houses finds its way into so many industries that it is one of the best ways in which money can be spent.

If you will proceed to an examination of the report you will find on page after page many suggestions and conclusions on the part of the commission. I find one that deals with land settlement. In my opinion, here again is a very prolific source of assistance to a solution of the problem. They suggest that there be a survey of unoccupied lands and a careful selection of persons eligible for assistance.

They suggest that a survey be made of improved lands available for settlement and that financial assistance be accorded settlers wishing to move from poorer districts, and so on. Something is being done in that regard now, and I am willing to give the Minister of Agriculture credit along this line. But we are not moving along national lines; that is the point I am impressing upon the house. Turn over the page and you will find suggestions along other lines. For instance, on page 18 I find some conclusions dealing with the way in which the commission recommend that the government should proceed. There is no evidence in any of these measures that the government has even taken notice of these matters. And so on through the report. In many parts of the report numerous suggestions have been made which are not reflected in the legislation before us, and to my mind it is a lamentable thing that this should be so.

I wish now to make one or two general observations. There is nothing wrong with Canada. I have no sympathy whatever for the calamity howlers who tell us the country is going to the bow-wows. The only thing wrong with Canada, as far as I can see, is this: We, the people of Canada—and we who are in parliament must take more responsibility than those outside, because we are in a position of leadership—are not giving leadership to the country. I would put it this way: In the realm of industry I question if those who are the leaders of industry to-day are giving real leadership along the lines of the new economic life that has developed in the industrial realm. I need take only one illustration; it is commonly known, yet nothing is done. In the last few years machinery has displaced literally tens of thousands of workers. That is a platitude; no one should be entitled to any credit for having said it, but the fact remains that neither the leaders of industry, the leaders of parliament nor the leaders of finance are paying much attention to those hordes of people thrown out of work; nor are they attempting to solve the problem of distribution or the social problem that arises therefrom. We know the situation but we are doing next to nothing to face the fact. So I say there is a lack of leadership in the realm of industry.

I think also there is a lack of leadership in the realm of finance, because we find that the outstanding economic phenomenon of modern times is the extent to which the control of capital has been narrowed into fewer and fewer hands, by a perfectly natural process. Publicity; the rapidity of transport and communication between cities and international communications have made it possible for capital to be gathered under the control of smaller and smaller groups. You have your great insurance companies, for instance. I remember that in my boyhood days not very many people had life insurance. To-day it is almost difficult to find anyone who has not life insurance. What does that mean? It means that in the intervening period familiarity with life insurance has increased and the laws concerning it have become so improved that nearly everyone is insured, and that great mass of capital comes under the control of a very small group. I am not saying whether that is bad or good; I am saying it is a fact. Then take our great banking system, of which we are so proud. We have a right to be proud of it, because it is one of the most stable banking systems in the world. Here again, however, is there given to the management and control of credit and finance in this country that degree of consideration in regard to public policy that the control of such an immense amount of credit would warrant?

I have given these few illustrations to indicate that there is a lack of leadership, and I had hoped that the government might do something in that regard in view of this report and the analysis which it contains of the economic conditions of the country, because the report does devote a considerable number of pages to quite an interesting analysis of the economic factors that enter into this problem of unemployment. I had hoped that in view of that report the government might have come before parliament with some leadership in dealing with these problems. Can we be surprised, as I have said on other occasions, if in a province such as Alberta, for instance, there comes forth a gentleman who leads a certain movement along the line of the control of credit, when he knows that the people of his province, as in many other provinces, are suffering under the pressure of an unbearable debt, personal and public? Should we be surprised if the people follow someone who at least offers some hope, when other authorities do nothing? That is why I think parliament should have given a great deal more study to these problems than has been given. So I say that in my opinion we have failed lamentably as a parliament; for the moment I shall not speak of the government, which is the leader of parliament and the leader of the country. I will say that parliament, including myself and every member of it, is failing in this very session, as I think

we have failed to perhaps a lesser degree in the past, to give leadership in these matters to this country.

These are serious statements, I grant, but they are warranted when we look at the unemployment and distress in this country which is capable of sustaining fifty million people just as easily as not. There is no question about that. We could feed and sustain fifty million people with perfect ease, but what is wrong? In the short time at my disposal I am not prepared to analyse all that is wrong, but we know that certain things are wrong and it is our duty as leaders—every member I see before me is a leader in his community—to find a solution to these problems.

I have already referred to the matter of Canada being capable of sustaining a very much larger population than we have. There is nothing wrong with this country. What I think business men are looking for from the government in the way of leadership is some evidence of stability in business. I think the working classes are looking for security, and I would include, of course, the great agricultural community. They are looking for some degree of security, and as the referee between conflicting industrial, economic and social groups in this country it is our duty as a parliament to see that the game is played fairly, but we are paying little or no attention to it. This measure before the house to-day, which ought to have given the people of this country hope; which ought at least to have given effect to the suggestions contained in the report, is simply a repetition of the acts which we passed in 1936 and 1937, as the minister said when he introduced the bill. I thought that was perhaps one of the most lamentable admissions of defeat to which we could possibly have listened; in the few words with which the minister introduced his bill he said that it did not differ in any essential degree from the acts of last year and the year before, and that is perfectly true. But the minister has had training in these matters; he is young and virile, and when he came to parliament his friends and others looked to him for leadership in this very realm. Can he sit complacently in his seat and feel that by the introduction of the bill that is before us this afternoon he has discharged his duty? I am sorry that I have had to express myself on this matter in strong terms, but I feel that unless we protest vigorously against this inertia, this evasion of responsibility, there is not much chance of stirring either the government or parliament to the action necessary to meet the situation.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, when the minister presented the resolution preceding this bill I did not take part in the discussion; I preferred to wait until the bill was brought down in order to see what he had to offer to the thousands and thousands of unemployed in this country. I happen to be one of those who represent ridings which contain great numbers of people. Unfortunately, altogether too many thousands of the people in my riding are unemployed, and naturally it is my duty to present to this house what I believe to be their hopes in regard to obtaining employment. I want to tell the minister in the kindliest way possible, because I am one of those who have a very high regard for him, that I am tremendously disappointed in this bill. As one who has been associated with labour and employment problems, to the extent of employing thousands of men, I confess I can see very little in the measure which would give employment to those thousands of men who are unemployed. Possibly the minister intends to bring down another resolution or another bill which will indicate what is to be done.

Mr. ROGERS: Is the hon. member aware that the present bill provides authority under which expenditures are made to deal with unemployment and agricultural assistance? Expenditures may be made directly by the dominion government or through agreements with the provinces; but there is no restriction whatsoever as to the purposes for which expenditures may be made. They are dealt with, of course, in the supplementary estimates.

Mr. MacNICOL: Having in mind that the same kind of resolution has been presented in the last two years, and that those resolutions were followed by bills, and knowing how little resulted from those resolutions and bills, what can I expect from the bill now before the house?

Mr. ROGERS: I hope the hon. member will be disappointed if he expects little.

Mr. MacNICOL: If we do not get more from the present bill than we did from the last ones, it will be too bad for the country. I have before me a document pointing out the platform of the Liberal party during the last campaign, the first clause of which states that it will set up:

> A representative national commission to administer unemployment relief and provide work, and a national system of unemployment insurance.

A commission has been set up—we are commissioned to death, as I have said before, and as I am sorry to say again. But despite that fact, much work has not been provided.

I see one or two rays of hope in the bill from which I would hope some results might come. If the minister has a good understanding of industry, and the manner in which industry can be encouraged, a good deal of employment may come from that clause in the bill referring to the assistance of industry.

Mr. STEWART: The commission has been dissolved.

Mr. MacNICOL: Yes; but I believe the government could go ahead and implement the recommendations in the bill which have to do with assistance to industry. That has been done in other countries. No doubt the minister is thoroughly familiar with what has been done in the United States. I cannot say that their efforts have been wholly satisfactory.

Mr. ROGERS: They certainly have not stopped unemployment.

Mr. MacNICOL: Quite true. They may not have attacked the problem in the proper way. But I hope our minister will do it properly, and I am going to suggest to him a way in which industry can be assisted. We know that industry is being materially assisted in France, thoroughly assisted in Germany, and tremendously assisted in the old country.

I do not know whether or not the minister had the privilege of being in the old country last year; but I had that privilege, and while there I made a thorough survey into the assistance given industry by the British government. I was able to take note of the benefits derived in industrial areas, and I am pleased and happy to say that I found tremendous industrial activity. If the clause in the bill involves an assistance to industry anything like that which I have in mind, or that which has been done elsewhere, well and good.

During the course of a survey I made, I found some information with respect to a factory in Canada, the name of which I should not give, but whose circular I have before me. It is a large industrial institution in Toronto. I am happy to say there is a similar plant in Quebec, one which reflects great credit on our compatriots in that province. Those two companies are now manufacturing in Canada a large piece of equipment for the crushing of stone and the screening of it in one operation. A representative of one of these companies interviewed me in reference to obtaining consideration from the government to assist in the production of these machines. I asked them to what extent the assistance would be required. I was told that blue-prints had been brought in from the United States; that Canadian engineers have made thorough surveys of them; that Canadian draftsmen have prepared plans, and that Canadian technicians, toolmakers, engineers, machinists and other workmen have been successful in producing the equipment to manufacture these machines in Canada, one company in Quebec and one in Toronto.

Mr. St. PERE: And putting a lot of day labourers out of work. They are depriving the labouring man of his work. That is the general complaint in Quebec.

Mr. MacNICOL: Manufacturers of these machines provide a lot of labour.

Mr. St. PERE: That is the old slogan.

Mr. MacNICOL: On the other hand, if they are not manufactured in Canada they will be brought in from the United States. Last year eight large machines of this kind were imported from that country.

Mr. St. PERE: The labouring men are complaining about that, every day.

Mr. MacNICOL: Well, I would much rather have those eight machines, which were manufactured last year in the United States, made this year in Canada by Canadian workmen. If any men were put out of work, then they were out of work because of American and not because of Canadian machines.

Mr. St. PERE: They are the same thing.

Mr. MacNICOL: Developing that point farther, may I say that there are thousands of pieces of equipment now imported which could be made in Canada, in the same way as the machines about which I have been speaking are now being made. In the making of that equipment many thousands of men would be given employment in all walks of activity in industrial institutions. The hon. member has said that machines put men out of work. I do not dispute that fact. But when the machines have to be made, and are imported, I would much sooner have them made by Canadians in Canadian plants than have them made in United States plants by workmen of that country.

If that is part of the minister's proposal, then I will say it is a good one. They have followed that procedure in England. If the minister had been in London last summer, and had visited the industrial areas at Slough and South Wimbledon, he would have seen large numbers of new factories. Some of those are branch factories. I visited one which was a branch of a factory in Toronto, which manufactured steam traps. Those articles are now being made in England, because

the English government saw to it that before the industry received the benefit of the industrial support given by the government, the industry must manufacture to the extent of fifty per cent in England. I found in the plant about seventy-five men who were engaged in the manufacture of steam traps of one kind or another. I inquired of the manager where they were shipping the material and he replied that a great deal of it was sold in England, and that a certain portion went to the Scandinavian countries and to Germany.

That equipment was formerly made in Canada. Why cannot we take a leaf out of the book of the ministries of industry and boards of trade—some are ministries and some are boards of trade—of other countries, where industry is assisted. I had hoped in reading the bill that an attempt was to be made to assist industry, and I said to myself, "There is one thing I can support, even if there is no good in a lot of it." I shall go farther, and say this: I cannot name one line of industry which does not benefit agriculture. Last June Sir Harold Hartley delivered a most enlightening speech at Southport, near London. The subject of his speech was "Agriculture as a potential source of raw materials for industry." That seemed to me to be an extremely good subject and I took particular pains to study what Sir Harold had said. He was dealing with the automobile industry only. I see the hon. member for Essex East (Mr. Martin) is in his seat.

Mr. MARTIN: I am always in the house.

Mr. MacNICOL: I compliment the hon. member on being a regular attendant. I was in his riding a few days ago, not to do any injury to him but to make a survey of a great automobile plant in that riding.

Mr. MARTIN: You were well received, but your cause was not.

Mr. MacNICOL: I believe I am right in stating that the Chrysler plant is in the hon. member's riding.

Mr. MARTIN: Their production this year is the highest it has been in the history of the automobile industry.

Mr. MacNICOL: When I get through saying what I have to say, the hon. member will have another guess coming. Will he just wait until I finish my remarks? I made a survey of that great plant and I found that there are some 2,800 men employed. This is due to the fact that at the moment there is a fairly substantial demand for the cars made at the Chrysler plant. However, I have been told—I want the hon. member to listen to this—that were it not for the fact that 16 per cent of the lower priced cars coming into this country last year were made in the United States by workmen other than Canadians, there would be considerably more employment in the automobile plants of this country.

Mr. MARTIN: There is no question about that. Will the hon. member permit a question?

Mr. MacNICOL: If the hon. member will just sit down for a little while I finish what I have to say, I have not much time before the house rises at six o'clock and I am anxious to lay before it the opinion of Sir Harold Hartley as to the connection between agriculture and the automobile industry. He was dealing only with Ford cars manufactured in the United States and the figures he gave had reference to a unit of a million cars. He stated that to manufacture this number of cars, 89,000,000 pounds of cotton were necessary, which represented the production from 558,000 acres of land. Cotton is not grown in Canada, but there are other commodities produced here and other lines of industry to which these figures would apply. I am simply giving the figures that apply to the manufacture of cars in the United States. This consumption is a direct benefit to agriculture in the United States. The cotton was used for upholstering, for the production of brake linings, timing gears, safety glass and so forth.

Half a million bushels of maize—I assume he means corn—were required, representing the production from 11,280 acres, for rubber substitutes, butyl alcohol and other solvents. Next, 2,400,000 pounds of linseed oil, representing the production from 17,500 acres of flax, were required for paints, core oil, soft soap, glycerine, et cetera. Next, 2,500,000 gallons of molasses, representing the production from 12,500 acres of sugar cane, were needed for anti-freeze, shock absorber fluid and other solvents. The production from 800,000 sheep, equal to 3,200,000 pounds of wool was needed for upholstering, gaskets, anti-rust liquids, floor coverings and lubricants.

Mr. DONNELLY: That was to pull over the eyes of the farmers.

Mr. MacNICOL: The hon. gentleman is known all over the country as an unvarnished free trader, but he must realize that every man at work offers an additional home market to the farmer.

Mr. DONNELLY: How much do these automobiles cost in Canada?

Mr. MacNICOL: The hon. member can find that out just the same as I can. The next item is 1,500,000 square feet of leather, the production from 30,000 head of cattle, for upholstering and glues. Perhaps a lot of those cattle were raised in Saskatchewan, and the farmers there were probably pleased when there was a market for the hides of 30,000 head of cattle.

Mr. DONNELLY: The motor car people say that all the hides are obtained from the Argentine.

Mr. MacNICOL: The next item is 1,000,000 pounds of lard, the production from 20,000 hogs, for lubricants, brushes, etc. I do not want to get down to the narrow view of this problem; I want to see something done for the working men and women, of whom I have 45,000 in my riding. The next item is 350,000 pounds of mohair, the production from 87,000 goats, for fabrics and upholstering. I do not know where these goats would be raised. It is suggested to me by an hon. member that there are some in the House of Commons, but I doubt that very much. The next item is 2,000,000 pounds of soya bean oil, representing the production from 10,000 acres, used for enamels.

Some hon. members have tried to interject some levity into the discussion of this very serious problem of unemployment. I cannot go home to my riding without the verandah of my house being crowded with people who come to see me to ask if something cannot be done to relieve unemployment. If the minister desires to assist industry, a golden opportunity is given him at the present time. Earlier in the session I made reference to what I had heard during my visits to munition, steel and gun plants in the United Kingdom. I suggested that the government get in touch with the British government in order to encourage the removal of some of these great plants to Canada. One of the ministers, I have forgotten just which one, laughed at the idea. However, during the last few days there have been reports in the newspapers about the suggested manufacture in this country of airplanes for war purposes. According to press reports the British commissioners are now in the United States and the suggestion has been made that seven, eight, or perhaps ten thousand airplanes will be manufactured. I am giving an arbitrary figure; the actual figure may be less. I for one would like to see these airplanes made in the great plants of this country. Every thousand men put to work making airplanes would be a thousand less to provide for in connection with unemployment relief and an increased home market would be provided for our Canadian farmers. I hope the minister will do everything he can to encourage the production of airplanes in this country.

There are other industries that might be encouraged to come over here. Any one who knows anything about the industrial areas realizes how congested they are. Slough, South Wimbleton, Port Talbot, Manchester and other areas are all extremely congested. If these areas were destroyed, it might prove difficult for the British government to carry on a war. If these industries were moved to Canada, they would be two or three thousand miles further away from possible attack by bombing planes.

I had hoped that something would be in this bill about the proposals which have been submitted by the Ontario government to this government with reference to flood prevention; that we would have heard something about the proposals of the Ontario government to eliminate floods on the Grand river. The hon. member for Brantford City (Mr. Macdonald), a very capable member of this house, exceptionally capable when he gets up and gives a good tariff protection speech for the industries and industrial workers of that great industrial city of Brantford—and when he does that we are ready to welcome him over here for he is fighting for the working men of Brantford—after he had interviewed a number of the ministers of the cabinet, said:

> While I cannot say definitely what action the government will take I am satisfied that the commissioners convinced the three members of the cabinet that the scheme was one that was needed.

If the minister would assist the Ontario government in commencing that great scheme of flood prevention and would commence with the Grand river; then if the government receives any commendation from the public, I would say more power to its elbow as long as it is doing its duty, and I am satisfied that in preventing floods on the Grand river it would be doing good work. That is only one river, but what would it mean in connection with the Grand river alone?

The area of the Grand river north of Galt, which is in the riding represented by the hon. member for Waterloo South (Mr. Edwards) is 1,360 square miles. Apparently, in submitting their figures to the minister, the Ontario government used the identical figures I used a year ago as to the cost of water conservation on the Grand river. I do not say that they used my figures, but their figures are identical with mine. I had estimated, on the records of a water conserva-

tion survey, that the cost would be approximately $2,000,000; I am not sure that $2,000,000 would do it; but the Ontario government, after no doubt going into the matter carefully, have come to the same conclusion. Their figures would likely be based on what was generally accepted as the standard when floods are bad, that is a three-day rain flood. A three-day flood would cover the whole of that area on that basis, if the water remained on the land to a depth of approximately 2·75 inches, and during the course of such flood about 8,700,000,000 cubic feet of water would fall. To provide for the retention of surplus water so that it would not cause damage at Brantford and the other towns on the banks of the river would create work for 3,700 men for four months, who would be directly engaged in the work of conservation, and I am satisfied that it would provide work also for another 3,700 men making the cement and steel and all the other materials and equipment entering into the construction of the necessary conservation works. If the minister has anything like that in mind, I say more power to his elbow. After having tested it out on the Grand river, if he finds it satisfactory, he could extend the operations to the other rivers which are in flood every year all over this country. Everyone has read of them during the last few years. I shall read only a few headlines on articles describing these floods: "Port Hope facing acute situation from flood waters"—"Port Hope faces its fifth flood this winter"—"Waterloo in danger"—"Galt main street under water." One town after another along the banks of the Grand river was in danger from floods. The same thing occurred with the Thames river. It was not the case so much with the Saugeen, but the same thing happened along the Kettle river which flows through St. Thomas and down into lake Erie. There was a flood there last spring which caused a good deal of trouble.

I believe there is a real opportunity for the sound investment of money and the providing of a lot of employment. Every one of these floods causes not only deaths as a rule but a lot of property damage, and any money which this government invests for the purpose of eliminating property damage necessarily does not cost the country anything. I do not know where you would get the money, but I am sure, if the minister directs that these works shall be done, the money will be found to do it.

There is another way in which money can be spent as a national investment, not as a matter of cost at all, and that is in the construction of good roads. I may be asked where the money would come from to do that. Money can always be found for a real investment, and money spent on good roads is a national investment. Last summer—I dislike referring to this because I do not like talking about things I have seen, except that one can always explain better something that he has seen than something he has read of—I made a little survey of road-building in Germany, and I saw their new concrete roads with eight lanes, accommodating four cars on each side of a boulevard, and with concrete so thick that the heavy tanks of the German army can speed over them at sixty miles an hour. I am not asking this government to provide roads over which tanks can speed at sixty miles an hour. We want to be free from tanks in this country. We hope that war will never occur. But what did road-building do for Germany? Just what did it mean to Germany last year? It is almost incredible but nevertheless a fact that road-building in Germany in a single year resulted in the removal of earth from the roadways on which concrete was later to be poured of a greater quantity than was removed in the building of the Panama canal. In building the Panama canal the United States engineers removed 220,000,000 cubic metres of earth. In building the roadways of Germany last year, the brawn of German youth removed 250,000,000 cubic metres of earth, so that the concrete could be poured. Subsequently they poured 10,000,000 cubic metres of concrete, and it took 260,000 cars to deliver the concrete. So in doing that work Germany did go a long way towards relieving or eliminating unemployment. In fact, I did not see an able-bodied young man on the streets of Berlin between the ages of 16 and 20. A lot of them were probably in camps, and a lot in the army and navy, but a lot of them were making roads. One of the ministers with whom I discussed road-building told me that they had hundreds of thousands of their young men engaged in building roads.

In this country we have been giving the dole and little else to our young men. A young man does not want the dole. He wants work, and if he gets work building a road, and receives fair wages for doing it, he is giving the best possible return to the country because good roads are a national asset, and if road-building is in the minister's program I am behind it one hundred per cent. If the minister will support the province of Ontario in building really good roads, going the shortest distance between two points, he

will be helping to create a national asset and do a great deal in the way of providing employment.

I do not know that there is much more that I can say. I had no intention of speaking at any length. The hon. member for Kootenay East (Mr. Stevens) mentioned housing. Let me mention just one example of housing that I saw last summer, to illustrate the fine work which this country can do in improving housing conditions in this country. If the Minister of Mines and Resources (Mr. Crerar), under whose jurisdiction the Indian department is, I believe, were in the house, he might be interested in what I am going to say. I have made a survey of many Indian reserves, but I have particularly in mind the Muncey reserve, west of London. I doubt if anybody who has not been there could believe that the conditions on that reserve are as they are. I went to one residence occupied by an Indian; I had a letter from him to-day. It was a hut, if I remember correctly, nine feet wide by twelve feet long. I could see out of every corner of it. In many places the rain could come through the roof. In the hut were two small bunks, not beds; that was the accommodation for the Indian, his wife and his four children. The day I was there his daughter, one of the four children I referred to, had returned from the Indian school, which I assume is at Muncey; it is not far from the mounted police headquarters. At that school the young woman had been taught all that white children are taught; she had received the tuition to make her an educated young lady; she had reached the age when she had to leave the school, and she returned to this hut nine feet by twelve. where you could see out of every corner and the rain could come through the roof in several places, and where there were just two bunks. The Indians were the original owners of this country. It may be that they are not entitled to any consideration through a building program; but we all know that whites require such a program, and that the aborigine, not being able now to defend and provide for himself, requires our help. I saw several huts on that reservation and other reservations where conditions are no better than in the one I have described, and I contend that conditions like that should not be allowed in any civilized country, whether the sufferer be a white man or an aborigine.

Although I intended to speak on this bill, I was unable to find time to prepare much to say because my time yesterday was taken up with a delegation from Toronto, including a returned soldier. The returned soldier had been a prisoner of war in Germany for three years. He with six of his comrades had been captured while they had been hiding in a dug-out. The division to which they belonged had been surrounded; the German army had gone away beyond their position, but in searching through the trenches some Germans came upon these men and threatened to bomb them unless they came out. The Germans, being three in number, decided that six prisoners were too many for them to take away, and were discussing whether they should shoot them when an officer came along and said "no shooting," as a German says it, and the six men were saved. That poor fellow was here yesterday trying to get some adjustment of his pension. Before he came here, so that I could make myself conversant with his circumstances and what he was up against, I visited his little cottage on Salem avenue, Toronto. I venture to say there was not more than fifty dollars' worth of furniture in the cottage. How anybody lives in it I do not know. I am sorry that such conditions are allowed in Toronto; but doubtless there are many such cases, and the municipal authorities, there as in the great city of Montreal, have a heavy task. If the minister intends to proceed with any housing scheme, such conditions would warrant and certainly would require almost any amount of money that he is willing to spend. As an hon. member remarked a few minutes ago, it is the lack of building more than anything else that is holding things back in this country. It may not be economic to spend a large amount of money; but if the cabinet, knowing the situation as they do, undertake to spend a substantial amount to provide cheaper and better homes for the average worker, they will receive unstinted praise, and the minister likewise.

That is all I can say at this time. I did not rise in any spirit of criticism, but rather I wanted to try to encourage the minister to go the limit towards providing employment for the unemployed in this country.

Mr. A. H. MITCHELL (Medicine Hat): I wish to congratulate the hon. member for Kootenay East (Mr. Stevens) upon the excellent sequel he gave to his previous address on the resolution upon which this bill is based. This is the second reading, on which we are asked to agree to the principle of the bill. The social credit group, to which I belong, are not opposed to the principle of this bill; but we are opposed to this government's attitude of defeat concerning the underlying cause of the break-down in our

economic system, of which this unemployment problem is simply an evidence. We are asked to agree to the principle of this bill, and since there is nothing better offered us we must agree to it. At the same time we are being asked to agree—against which I protest—to the principle of distributing money to people in the most morale-destroying, self-respect-destroying method yet devised by man. The group with which I am associated are heartily opposed to that. I am sure that the government itself must also be opposed to it.

Rather than let people starve, since there is no alternative, and since the people who are to receive the benefit have appetites, come by just as honestly as mine or any other hon. member's, I would urge the early passage of the bill. I have not referred particularly to that part of the bill which deals with agricultural distress, because agriculture is only one of our industries. But I should like to point out to the house and the government that an adequate economic system would absorb automatically the consequences of such unavoidable natural failures, without the degradation of relief. I submit that the government should be bending every possible effort towards accomplishing that purpose.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): We are near six o'clock; but before I move the adjournment of the debate, it is my intention to protest against the statement of the hon. member for Kootenay East (Mr. Stevens) when he said that parliament did not do its duty with regard to unemployment. Members of this house are in daily contact with the unemployed. They meet them each day in their constituencies during the recess and do all they can for their relief. Ou behalf of the members of this house, on behalf even of the hon. member for Kootenay East himself, I protest against what he has said in that respect.

Mr. Speaker, will you please call it six o'clock. I move the adjournment of the debate.

Motion agreed to and debate adjourned.

At six o'clock the house adjourned, without question put, pursuant to standing order.

Thursday, April 28, 1938

The house met at three o'clock.

NEW MEMBER

Mr. SPEAKER: I have the honour to inform the house that the clerk of the house has received from the chief electoral officer certificate of the election and return of the following member, viz:

Of James Lester Douglas, Esquire, for the electoral district of Queens, Prince Edward Island.

NEW MEMBER INTRODUCED

James Lester Douglas, Esquire, member for the electoral district of Queens, Prince Edward Island, introduced by Right Hon. W. L. Mackenzie King and Hon. Charles A. Dunning.

REPORTS OF COMMITTEES

RAILWAYS AND SHIPPING—SECOND REPORT CONCURRED IN

Sir EUGENE FISET (Rimouski) presented the second report of the standing committee on railways and shipping.

He said: As the second report of the standing committee on railways and shipping deals with only four special items in the estimates, I move, with the unanimous consent of the house, that the report be concurred in.

Motion agreed to.

RAILWAYS AND SHIPPING—REFERENCE OF ITEMS TO COMMITTEE OF SUPPLY

Hon. CHARLES A. DUNNING (Minister of Finance) moved:

That the estimates referred to and approved of in the second report of the standing committee on railways and shipping owned, operated and controlled by the government, namely items 427, 428, 437 and 438, be referred to the committee of supply.

Motion agreed to.

MISCELLANEOUS PRIVATE BILLS

Second report of the standing committee on miscellaneous private bills.—Mr. McPhee.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

DEER LODGE MILITARY HOSPITAL

Mr. MASSEY:

1. How many patients were there in Deer Lodge military hospital as at March 1, 1937?
2. How many medical officers are there on the staff?
3. Who are the part-time medical officers?
4. What are the salaries of: (a) the full-time medical officers; (b) the part-time medical officers?
5. Who are the full-time medical officers?
6. What are the dates of their appointments?
7. What are the duties of the part-time medical men?
8. Is Dr. J. D. Adamson on the staff of the hospital? If so, what are his special duties, what hours does he spend at the hospital, and what is his salary?
9. Is Dr. J. D. Adamson medical director of St. Boniface hospital and medical director of St. Vital sanatorium?

Mr. POWER:

1. Treatment	171
Veterans' care	23
	194
2. Full-time medical officers	3
Part-time medical officers	10
	13

3, 4, 5 and 6.

Full-time medical officers	Salary	Date of appt.
Dr. A. R. Taylor	$4,620	1- 7-19
Dr. W. Leslie	3,900	16- 4-32
Dr. W. J. Blakeney	2,220	1- 7-36
Part-time medical officers		
Dr. P. G. Bell	2,700	12-11-19
Dr. F. A. Young	3,000	10- 6-19
Dr. W. A. Gardner	2,400	5- 8-19
Dr. J. D. Adamson	1,800	10- 3-22
Dr. D. F. McIntyre	1,800	1- 6-19
Dr. J. R. W. Nicholson	3,000	8- 6-18
Dr. J. A. Gunn	2,400	14- 8-19
Dr. T. H. Cuddy	1,800	1- 8-31
Dr. J. M. McEachern	1,800	30- 5-29
Dr. W. Creighton	3,420	9- 6-21

7. To conduct medical examinations on patients applying for treatment at Deer Lodge; to order appropriate treatment, and see that it is carried out; to visit patients in Deer Lodge hospital, out-patient clinics, Winnipeg general hospital and St. Boniface hospital, and to complete reports for departmental records, or pension purposes. To examine civil servants for civil service commission and to carry out medical requirement for applicants to war veterans' allowance board.

8. Yes. To examine and prescribe treatment for cases of tuberculosis or suspected lung disease, in Deer Lodge hospital; to carry out pneumothorax treatments on out-patients; to determine what cases of tuberculosis need transfer for treatment to St. Vital sanatorium; to carry out appropriate treatment at St. Vital.

Two mornings per week—9.00 to 12.30, plus any additional time required to cover the needs of the patients.

$1,800 per annum.

9. Dr. J. D. Adamson is on the staff of St. Boniface hospital, but is not the medical director. He is the medical director of St. Vital sanatorium, a subsidiary of St. Boniface hospital.

EXPORTS AND IMPORTS, 1933-37

Mr. LACOMBE:

1. What was the total value of our exports during each of the fiscal years of 1933, 1934, 1935, 1936, and 1937?

[Mr. Massey.]

2. Of such exports, what portion went to: (a) the United States; (b) the United Kingdom?

3. During each of the same years, what was the total value of our imports: (a) from the United States; (b) the United Kingdom?

Mr. EULER:

1.

Fiscal years ended March 31	Domestic exports
1933	$ 528,064,278
1934	665,954,071
1935	756,625,925
1936	849,030,417
1937	1,061,181,906

2.

Fiscal years ended March 31	Proportion to United Kingdom Per cent	Proportion to United States Per cent
1933	34·9	37·4
1934	43·3	33·0
1935	38·4	40·3
1936	37·9	42·4
1937	38·4	41·0

3.

Fiscal years ended March 31	Imports from United Kingdom	Imports from United States
1933	$ 86,466,055	$232,548,055
1934	105,100,764	238,187,681
1935	111,682,490	303,639,972
1936	117,874,822	319,479,594
1937	129,507,885	393,720,662

TITULAR ADDRESS OF MEMBERS OF ONTARIO LEGISLATIVE ASSEMBLY

Mr. CHURCH:

1. Has the attention of the government been called to a resolution passed in the legislative assembly of the province of Ontario on Thursday, April 7, 1938, to the effect "that in all matters of address, titular distinction, formal correspondence, official proceedings and all similar matters having to do with coming under the jurisdiction of the legislature of Ontario, the members of the legislative assembly shall be entitled to the designation 'member of provincial parliament' and its abbreviation 'M.P.P.'"?

2. Has any declaration of policy thereon been considered by the government?

Mr. MACKENZIE KING:

1. No.
2. No.

DEPARTMENT OF MARINE—INVESTIGATIONS OF WRECKS IN CANADIAN WATERS

Mr. CHURCH:

1. How many wrecks were investigated in Canadian waters by the wreck commissioner or other officers of the Department of Marine?

2. What were the names of the ships in each case, and the number drowned or injured?

3. What were the findings of the wreck commissioner succinctly in each case?
4. What were the complete findings in the Sand Merchant case?
5. Was the said ship sea-worthy, and had it wireless equipment?
6. Were the owners of the ship "Sand Merchant" prosecuted under the criminal code?
7. How many men of the department are engaged in life-saving work under federal authority, and at what cost?
8. What aid has been furnished by American life stations to distressed ships of Canadian register in recent years on the great lakes?

Mr. HOWE: This question cannot be answered without going back to the days of confederation. To answer it in full would mean filing a number of documents which would be of no interest. Could the hon. member give me a date to which he would like us to go back in supplying this information?

Mr. CHURCH: I shall be satisfied with any information the minister can give for three years. I could give him a list of the seventeen instances when American life stations have aided his people at the head of the lakes.

SASKATCHEWAN FARMERS

REPORTED LACK OF SEED AND FEED AT CARDROSS—DELAY IN DISTRIBUTION OF SEED WHEAT

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): I should like to ask the Minister of Agriculture (Mr. Gardiner) whether he has any information with respect to the distribution of seed and feed at Cardross, to which I referred the other day?

Hon. J. G. GARDINER (Minister of Agriculture): I have no information with regard to individual places, but I have received a wire from the Saskatchewan government indicating that by the middle of this week the matter would likely be moving along to the satisfaction of all concerned.

RADIO BROADCASTING

PROPOSED BROADCAST ON WORLD ECONOMIC COOPERATION OVER CANADIAN AND UNITED STATES SYSTEMS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I should like to ask the responsible minister of the government a question at this time rather than taking up the matter on the motion to go into committee of supply. Reference was made yesterday in both the Ottawa papers to a broadcast which is to take place over the Canadian broadcasting network to-morrow night, in which the hon. member for Essex West (Mr. Martin) the hon. member for Rosetown-Biggar (Mr. Coldwell) and Dr. T. H. Leggett are to take part. This broadcast is in connection with a highly controversial question and is to be linked up with the United States national broadcasting system. It has to do with world economic cooperation as initiated by the League of Nations Society in Canada and by the national peace conference in the United States. My question is: In view of the fact that this same society has been refused for such purposes the use of the British Broadcasting Corporation facilities by the British government on orders of the Right Hon. Mr. Chamberlain, will this government, in view of the present state of world conditions, consider prohibiting the use of the radio system as an instrument of political power of this kind and pan-Americanism?

Hon. C. D. HOWE (Minister of Transport): The broadcast in question is in the form of a discussion of two sides of a controversial question, a type of broadcast which the Canadian Broadcasting Corporation is disposed to favour. Whether the British Broadcasting Corporation carry this broadcast will be a matter for them to decide. There is no possible way in which the Canadian Broadcasting Corporation can impose this debate upon the British people, unless the British Broadcasting Corporation feel it is a proper subject to be rebroadcast in England. Therefore, I see no objection to this debate being broadcast here.

Mr. CHURCH: Who asked for it? Who selected the speakers? Who asked for all this pan-Americanism when we have no army, navy or fleet to do anything about it?

Mr. HOWE: The program committee of the Canadian Broadcasting Corporation has arranged a number of debates in which speakers take opposite sides of a question. I take it that this debate is a part of that program. I have no direct knowledge of the situation, but I have no doubt that the staff of the Canadian Broadcasting Corporation, with the consent of the board of governors, chose the speakers in this instance.

Mr. CHURCH: You had better send for a life-saving station.

Mr. BENNETT: Was the consent of the government sought?

Mr. HOWE: No.

Mr. BENNETT: It was not sought or given?

Mr. MACKENZIE KING: No, that is right.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR REFUNDING OF MATURED, MATURING AND CALLABLE OBLIGATIONS

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to bring in a measure to provide for the refunding of matured, maturing and callable financial obligations of the Canadian National Railways and for the issue of securities guaranteed by the Dominion of Canada in respect of such refunding to an aggregate principal amount not exceeding $200,000,000.

Motion agreed to and the house went into committee, Mr. Sanderson in the chair.

Mr. DUNNING: The legislation now on the statute book with respect to the refunding of Canadian National obligations was enacted in 1935. It was for the same sum as will be embodied in the bill which will be founded on this resolution. The amount of the authority remaining is just over $6,000,000, and therefore it is essential to have further authority to deal with these maturing and callable obligations of the Canadian National.

I may say that under the authority of the last act the refunding which has been accomplished resulted in an annual saving in interest charges of approximately $3,900,000. I think that is all I need say at this stage, unless someone wants specific information with respect to any particular issue. I shall be prepared, both now and during the different stages of the bill, to answer any questions regarding the refunding which has occurred.

Mr. BENNETT: Mr. Chairman, I thought possibly the minister might give us a list at this stage of the refundings that have been made. I was also going to ask him whether any steps had been taken, and if so what, with respect to the perpetual high rate of interest obligations, both of the old Canadian Northern and the Grand Trunk Railway. I realize that with respect to the Grand Trunk we are under obligation to pay an annuity in the terms of the interest on the obligations that were taken over when we secured the system, but with respect to the other obligations there is a fine question, which the minister no doubt has considered. We are not guarantors with respect to some of these securities upon which interest is paid and there is a question whether or not this country should place itself in the position of guaranteeing the interest upon these securities. I am sure that this is a matter that has engaged the attention of the minister, as it did of previous ministers. For instance, certain of the income certificates were settled by the administration of which the present Minister of Finance was a member. Undoubtedly in that instance we took a course which we were not obliged to take; we assumed financial responsibilities which were not written in the bond. On the other hand there is a question whether we as owners of the properties can escape the payment of the interest. This is a matter in connection with which different opinions have been held from time to time by various people. I am expressing no opinion of my own at the moment because I desire to leave the matter an open question.

I have looked at the report a great many times in my lifetime and I have looked at it again to see whether or not these six per cent perpetual securities, for instance, might be retired. There may be a question whether or not this can be done on terms that would be sound financially, because many of these securities are not on the market and to buy them would mean having to pay a high price. Then if you bought them at a high premium you would not be making any money if you substituted for them a low interest rate security. In the main it is fair to say that the securities have been selling on the basis of the present rate for money, and therefore nothing would be gained by it. That is one of the difficulties the minister has to consider. If he has any information on the subject I think this would be a very appropriate time to give it to the committee.

Mr. DUNNING: It is rather difficult, Mr. Chairman, to give an opinion which might be regarded as official by the Minister of Finance with respect to some of these old railway obligations because any opinion expressed by me would, of course, have a significance in relation to the supposed value of the security probably out of all proportion to its merit.

The matters to which the leader of the opposition (Mr. Bennett) has referred have of course engaged the attention not only of this government but of at least three of its predecessors, and I think every government has worked out the particular problem which could be dealt with during its period of office to the best advantage of the Dominion of Canada, having regard to the circumstances of the time.

There is one issue of perpetuals, four per cents, which is now callable. Obviously the only question there is one of judgment as to when and under what conditions to take advantage of the call privilege.

Mr. BENNETT: Or whether it should be taken advantage of at all.

Mr. DUNNING: Or whether it should be taken advantage of at all. With respect to the six per cent perpetuals, which are a very sore subject with me, as they have been with every Minister of Finance, the question is difficult legally as well as financially, and I would not care to express any opinion in this house at this time that would indicate to anyone that those securities are either very good or very bad. My right hon. friend will agree as to the unwisdom of taking such a course.

Mr. BENNETT: Quite.

Mr. DUNNING: I can say, however, that we are not losing sight of the desirability of still further reducing the load of Canadian National interest payments on refunding by means of calling, where calling is possible, or of the desirability of undertaking under proper circumstances negotiations in cases where we do not appear to have callable rights. I am not acknowledging in that statement that we have not callable rights in certain cases where we might be presumed not to have them. I know this is a little involved, but it is a very, very involved subject and I am anxious not to give any impression to holders of these securities which would either enhance their value in the eyes of their holders or depreciate the credit of Canada. That is about as far I think as I can go at the present time.

Mr. STEVENS: Were the minister's remarks regarding the six per cent and four per cent perpetuals relative to the old Grand Trunk, or were they Canadian Northern issues?

Mr. DUNNING: I was intending to include all of the perpetuals in my statement.

Mr. HARRIS: I wonder if the minister could tell us what "matured, maturing and callable financial obligations" are at present guaranteed by the government.

Mr. DUNNING: I am inclined to think I shall have to read the whole list, which is very extensive, in order to give that.

Mr. BENNETT: It might be desirable to have it on the record If the list is very long, with the consent of the house perhaps it might be put on Hansard.

Mr. DUNNING: My statement is not precisely in the form requested by the hon. member, but perhaps if I were to make arrangements to put on Hansard the information in the form he desires it, that would be satisfactory.

Mr. HARRIS: Yes, quite. It would assist very much in considering this matter. We could then dismiss those that are at present guaranteed and give our attention to those not guaranteed.

Mr. DUNNING: We have a number of provincial securities guaranteed, particularly of Ontario, Alberta, Saskatchewan, Manitoba, maturing within the next few years, prior to 1943. I will engage to put on Hansard as part of this record all of the securities which mature, say, prior to 1943. Will that be sufficient? I will put the whole list on, indicating by whom they are guaranteed if guaranteed.

The table follows:

Canadian National Railways Funded Debt

Maturities by Years

Call or Maturity Date	Company	Interest Rate	Guaranteed by	Amount
		%		$ cts.
Callable at 6 months' notice	Grand Trunk (perpetual)	4	Dominion	60,833,333 33
April 1, 1938	Rail & River Coal Co.	5	.....	916,000 00
May 1, 1938	Canadian National	2	Dominion	13,400,000 00
June 30, 1938	Can. Northern Ontario	3½	Ontario	6,725,485 13
	Total maturing in 1938	.....	.....	21,041,485 13
Jan. 22, 1939	G.T.P. Branch Lines Co.	4	Saskatchewan	9,874,062 00
Jan. 23, 1939	Canadian Northern	4	Saskatchewan	8,029,999 99
Feb. 25, 1939	G.T.P. Branch Lines Co.	4	Alberta	2,430,000 00
Feb. 25, 1939	Canadian Northern	4	Alberta	5,586,665 64
June 1, 1939	Duluth, Winnipeg & Pacific	4	.....	7,004,997 27
July 1, 1939	Canadian Northern	4	Manitoba	3,000,000 00
	Total maturing in 1939	.....	.....	35,925,724 90

Canadian National Railways Funded Debt—Continued

Maturities by Years—Continued

Call or Maturity Date	Company	Interest Rate	Guaranteed by	Amount
		%		$ cts.
Jan. 15, 1942	Canadian National	2	Dominion	20,000,000 00
Feb. 15, 1942	G.T.P. Branch Lines Co	4	Alberta	1,153,764 00
Feb. 16, 1942	Can. Nor. West	4½	Alberta	6,424,000 00
Sept. 30, 1942	Halifax & South Western	3½		4,447,000 00
	Total maturing in 1942			32,024,764 00
Feb. 15, 1943	Canadian National	2	Dominion	55,000,000 00
Oct. 22, 1943	Can. Nor. West	4½	Alberta	2,799,997 73
	Total maturing in 1943			57,799,997 73
	Total maturing or callable before December 31, 1943			207,625,305 09
Feb. 1, 1944	Canadian National	2¼	Dominion	15,500,000 00
May 1, 1944	Canadian National	3	Dominion	35,000,000 00
	Total maturing in 1944			50,500,000 00
July 1, 1946	Canadian Northern	6½	Dominion	24,238,000 00
April. 2, 1950	Canadian Nor. Pacific	4	Brit. Columbia.	16,412,001 13
April 2, 1950	Canadian Nor. Pacific	4½	Brit. Columbia.	8,614,000 00
July 1, 1950	Grand Trunk West	4		10,964,416 00
Oct. 1, 1950	Montreal & Province Line	4		200,000 00
Dec. 15, 1950	Canadian National	3	Dominion	50,500 000 00
	Total maturing in 1950			86,690,417 13
Sept. 1, 1951	Canadian National	4½	Dominion	50,000,000 00
Feb. 1, 1952	Canadian National	3	Dominion	20,000,000 00
Feb. 15, 1953	Canadian National	3	Dominion	25,000,000 00
July 10, 1953	Canadian Northern	3	Dominion	9,359,996 72
	Total maturing in 1953			34,359,996 72
Feb. 1, 1954	Canadian National	5	Dominion	50,000,000 00
Jan. 1, 1955	Grand Trunk Railway	4		16,000,092 00
April 1, 1955	Grand Trunk Pacific	4		9,963,000 00
April 1, 1955	Grand Trunk Pacific	4		10,206,000 00
April 1, 1955	Grand Trunk Pacific	4		7,533,000 00
June 15, 1955	Canadian National	4¾	Dominion	50,000,000 00
	Total maturing in 1955			93,702,092 00
Feb. 1, 1956	Canadian National	4½	Dominion	70,000,000 00
Sept. 1, 1956	Pembroke Southern	4		150,000 00
	Total maturing in 1956			70,150,000 00
July 1, 1957	Canadian National	4½	Dominion	65,000,000 00
July 20, 1958	Canadian Northern	3½	Dominion	7,896,544 54
May 4, 1960	Can. Northern Alberta	3½	Dominion	3,149,998 66
May 19, 1961	Can. Northern Ontario	3½	Dominion	34,229,996 87
Jan. 1, 1962	Grand Trunk Pacific	3	Dominion	34,992,000 00
Jan. 1, 1962	Grand Trunk Pacific	4	Dominion	8,440,848 00
June 1, 1962	St. John & Quebec	4	New Brunswick	2,727,977 40
	Total maturing in 1962			46,160,825 40

Canadian National Railways Funded Debt—Concluded

Maturities by Years—Concluded

Call or Maturity Date	Company	Interest Rate	Guaranteed by	Amount
		%		$ cts.
July 1, 1969	Canadian National	5	Dominion	60,000,000 00
Oct. 1, 1969	Canadian National	5	Dominion	60,000,000 00
	Total maturing in 1969			120,000,000 00
Feb. 1, 1970	Canadian National	5	Dominion	18,000,000 00
Jan. 1, 1980	Grand Trunk Western	4½		400,000 00
Perpetual	Grand Trunk Ry	5	Dominion	20,782,491 67
"	Grand Trunk Ry	5	Dominion	13,252,322 67
"	Grand Trunk Ry	4	Dominion	119,839,014 33
"	Grand Trunk Ry	4	Dominion	1,449,979 67
"	Grand Trunk Ry	6		70,566 66
"	Canadian Northern	4		44,943,019 40
"	Canadian Northern Ontario	4		8,724,113 20
"	Canadian Northern Quebec	4		5,250,369 26
"	Quebec & Lake St. John	4		4,252,503 06
	Total Perpetual			218,614,379 92
Serial Equipment Issues				41,681,000 00
Other Serial Issues				4,709,664 14
Issues subject to redemption by annual drawings				23,369,290 47
Other indebtedness payable optionally or at various dates				1,519,887 85
	Total Miscellaneous			71,279,842 46

Mr. BENNETT: Perhaps the minister would, between now and when the bill is in committee, look into the following questions and have answers for them.

On page 19 of the Canadian National Railways report there is reference made to five perpetual issues of the Grand Trunk Railway. I should like to know whether any of them are callable, and if so, when and on what terms. I have a fair memory with respect to some of them, but the question often arises and I think it might be desirable to have the information on Hansard to show that some of these cannot be dealt with by any government, however much it might desire to deal with them, in the absence of agreement on the part of the holders to have them dealt with. The five per cent stock we assumed responsibility for as a term of the transfer of the Grand Trunk to this country, and I apprehend that very little can be done with respect to it.

On page 20 of the annual report there are certain issues under the title, "Other issues," four of which are perpetual four per cents, some Canadian Northern, some Canadian Northern Ontario, some Canadian Northern Quebec, and some Quebec and Lake St. John Railway. In addition to that, there is an issue of Grand Trunk six per cent third preference bonds, but the issue is so very small that possibly it could not bear the expense of considering it, except that it is an eyesore to see it there. It is only $70,000. Perhaps the minister would also give us that information before we come to deal with the matter.

Mr. DUNNING: Yes.

Mr. BENNETT: There arises the other question which is constantly before the minister, and that is the guarantee given by the provinces. We have never released the provinces from their obligations, but in point of fact when Saskatchewan and Alberta were called upon to make payments we did repay them the money they paid. That is true in both cases. Now the obligations that mature at a not too distant date with respect to these provinces would seem to me to afford an opportunity to the federal government to treat them as a factor in dealing with the financial situation between the dominion and the provinces; because undoubtedly what we

have done is to relieve the provinces of a burden that would have absolutely involved bankruptcy on their part had they been called upon to make payment.

Mr. DUNNING: Do not confine it to those two provinces alone.

Mr. BENNETT: No, the western provinces.

Mr. DUNNING: We have assumed liability with respect to all the provinces.

Mr. BENNETT: No, not assumed; we have not called upon the provinces to pay. The point I am trying to make, and it should be kept constantly in mind, is that there has been no assumption on our part of liability.

Mr. DUNNING: Quite. But no province has been called upon to pay.

Mr. BENNETT: That is the point I am making. We have assumed no responsibility but the company has discharged the liability with money obtained from the federal exchequer from year to year. That is, the guarantee by the province has not been implemented, nor has any request been made to implement it, but the interest charges on the securities guaranteed by the provinces have been treated as a general continuing obligation of the system and paid for accordingly, whether it is part of the deficit or—

Mr. DUNNING: That is true of all provinces save two.

Mr. BENNETT: I did not know there were two, because I did not know that the earnings of the Canadian Northern Ontario were sufficient to enable it to pay its obligations.

Mr. DUNNING: I was thinking only of those provinces which gave no guarantees. They are, I think, Quebec and New Brunswick—no, Prince Edward Island.

Mr. BENNETT: New Brunswick did give a guarantee.

Mr. DUNNING: There is only one province, then, Prince Edward Island, which did not give a guarantee.

Mr. BENNETT: That is the only one of which I have any knowledge. Under those circumstances possibly the minister may be able to give us a clear statement when the bill is in committee, indicating just what the provincial obligations are. The great bond companies have issued a pamphlet every year giving that information very fully, but I think that for the purpose of having it on Hansard as a permanent memorial for the benefit of all members of the house—

Mr. DUNNING: "Memorial" is good.

[Mr. Bennett.]

Mr. BENNETT: Yes, "memorial" is good, —it may be very desirable that the minister should make that statement; and any comments I desire to make on the matter can be made later.

Mr. DUNNING: Of course the information referred to is in the annual report of the railway, but if my right hon. friend would like it on Hansard I shall see that it is placed there when the bill is in committee. In the meantime I can give some general information to the hon. member for Danforth (Mr. Harris) with respect to guaranteed and unguaranteed—that is in bulk. In 1937 the funded debt of the Canadian National Railways outstanding in the hands of the public consisted of $970,697,190 guaranteed by the government of Canada and $251,030,209 either guaranteed by provinces or entirely unguaranteed. At the moment I have not the figures separated as between the amounts guaranteed by provinces and the amounts unguaranteed by any government; but that, at all events, will be a piece of the information for which my right hon. friend is looking.

Mr. TUCKER: If, as I understood it was remarked by the right hon. leader of the opposition that we cannot deal with these perpetual bonds unless we can get the holders of them to agree to give them up, I at least should like to express my dissent from that position. I believe that under our powers to legislate with regard to railways, we can provide that they shall be callable at a date we fix, and if we fix the date at say five years from now, we could call them at that time. There is another way in which certainly they could be dealt with—a similar suggestion has been made by the leader in Saskatchewan of the party to which the right hon gentleman belongs, so I assume he would not quarrel with it—namely, that all interest over and above three per cent per annum should be taxed back again by this country. I suggest to the Minister of Finance that he consider one or the other proposition; and I also ask him to place on Hansard, if he will do so, a statement of these so-called perpetual debentures and the rates of interest which they bear.

Mr. DUNNING: That will be included in the statement.

Mr. BENNETT: That is what I understood. I see that the hon. member for Rosthern (Mr. Tucker) is not quite appreciative of what I said. I did not say that you would have to deal with all of them, because some of them are callable, but I did point out what is the main thing, to be found at page 19 of the report of the company, namely that the

perpetual obligations of the Grand Trunk Railway issued from 1875 to 1883 were assumed by this country as a part of the purchase price of the Grand Trunk Railway—which is an entirely different condition from that to which reference has been made. The bargain by which we got that railway was to pay to the people who held those securities the interest on them in accordance with the terms of the securities themselves. It will be recalled that when the arbitration was before the court the evidence indicated that we made an additional offer, which they declined, which would have given them something for the common stock—which the tribunal found was worth nothing. It is not a question of our dealing with them; it is a question of their having been given an undertaking by us that we would pay a rental—it amounts to that—in the form of interest payments on perpetual securities to the holders thereof for taking over the railway from them, which we did by statute. That is an entirely different thing from the issue of an ordinary perpetual security by a railway with respect to which we have assumed obligations to service, but which might be dealt with by many methods if we so desired.

Mr. TUCKER: I fail to see why, when we made an agreement that now is proving unconscionable from the standpoint of the people of this county—

Mr. DUNNING: We did not make an agreement.

Mr TUCKER: —it can be said that we cannot do anything unless we get the other party to agree. Obviously it would be found that people who hold agreements like that are none too ready to give up the rights they have; but I do sincerely suggest that we should deal with this question at once. When this country is now paying six per cent on an obligation which is outstanding—I do not care how it arose in the past—it should be dealt with without any further delay. These obligations could be made callable at any period in the future; I would suggest a period of five years. If that is not deemed the best way to deal with it, the other proposition should be considered; anybody who has an income in this country is subject to be taxed. These people got an agreement which is a little too good to those who benefit by it, and I suggest that to tax people on income from bonds bearing a rate of over and above three per cent is a fair way of dealing with the matter.

Mr. DUNNING: Lest there should be an impression go abroad which in my judgment would be harmful to Canada, I must dissent from a suggestion of any intention on the part of this government to do anything which would involve the breaking of the pledged word of the Dominion of Canada. I want that distinctly understood. At the same time I deprecate discussion of this kind because of the fact that it does hinder bona fide negotiations between parties who may mutually desire to make an arrangement; I mean, by debtors and creditors sitting down together and working out their problems. So far as this dominion is concerned, to have any idea go out from these halls that we were contemplating deliberately breaking our word, either directly or by any device, could not possibly do any of the population of Canada any good and certainly would do the dominion as a whole a great deal of harm.

Mr. TUCKER: I take issue with the suggestion that if you tax an income that is probably unfair from the standpoint of the body politic—and I submit that six per cent on a government obligation is unfair from the standpoint of the people of this country—you are breaking your agreement with anybody.

Mr. DUNNING: I did not intend to imply any such thing. As is well known to all hon. members, we do tax income at the present time. There is no question about that. But if I understood the hon. member correctly, his suggestion was that we single out this particular income and tax it on a scale that we are not taxing other income of a similar kind. If that is the method suggested, then obviously it is an indirect method of getting out of an obligation for which we might otherwise be liable, and I deprecate any idea going abroad that any government of Canada would contemplate breaking directly or indirectly the pledged word of the country.

Mr. NEILL: I understood the minister to say that the dominion had never released the provinces from what I might call the original liability of the provinces, although the dominion had taken over these bonds in actual fact and had paid the interest on them many years ago. As far as British Columbia is concerned we have always understood there that there was a distinct arrangement, that the dominion had absolutely released the province from their liability under the bonds; the quid pro quo being that the province released the dominion from the obligation of the railway company to build a line from, I think, the neighbourhood of Red pass down

to Vancouver, and agreed that the Canadian National Railway should use their own line instead of building this extension demanded under the bond, so to speak.

Mr. DUNNING: I have no recollection of any release at any time of any province with respect to its original liability under its provincial guarantee. I shall be pleased, however, to verify that between now and the time the bill is before the house.

Mr. YOUNG: This matter was before the special committee which has been sitting these last few days. As a member of that committee I said something about the interest which we found was payable on these perpetual bonds, and lest I may be misunderstood as more or less acquiescing in the opinion that we should continue to pay this interest I want to make this statement.

I quite agree with the Minister of Finance that this country should do nothing which would affect the general credit of Canada. At the same time we must recognize that these bonds that we took over were originally not between this government and certain people but between the Grand Trunk Railway and those people. Had we allowed the Grand Trunk Railway to go into bankruptcy, as it undoubtedly would have done had the country not stepped in and taken it over, the holders of the bonds would undoubtedly have suffered. In my opinion an interest rate of six per cent cannot be justified, and I would sincerely ask the Minister of Finance to explore every reasonable avenue to see that the burden of this very high interest rate is in some way removed from the shoulders of the Canadian National system and the people of Canada.

Mr. STEVENS: It is unfortunate that this question should have come up without any notice. I do not blame the minister, but had notice been given of it there is a phase of the subject that I should like to have discussed. However, I will take it up when the bill is under consideration.

Considerable reference has been made to the possibility of negotiation for better terms in connection with these bonds, and reference has also been made to the arbitration and the Grand Trunk purchase by the dominion. I believe the statement was made that there had been an offer to the Grand Trunk shareholders which they rejected. I am informed, however, that those who were particularly concerned, and who ultimately suffer, did not have a proper or legal opportunity to vote upon the question whether or not that offer should have been accepted. This bill, when it comes in, will probably afford the minister a chance for negotiation in connection with these very much disputed claims.

Mr. DUNNING: Claims?

Mr. STEVENS: Yes; I am not prepared to discuss that matter to-day.

Mr. DUNNING: The hon. member is not now referring to the bonds?

Mr. STEVENS: Not to the bonds on this list, but to other claims which were affected by the settlement made by the arbitration. I would make this suggestion to the minister. None of these securities come under the British securities act—I believe that is the name of it.

Mr. DUNNING: The trustee list.

Mr. STEVENS: The trustee list is the common phrase. It might be possible in the negotiation between the government of Canada and the owners of these bonds to arrange that the British government should place on the trustee list such as are suitable, which would immediately command a much lower rate of interest and be acceptable to the holders of these securities, and which I think would induce them to surrender the higher priced bonds for the lower rate of interest that is current in connection with trustee list securities. That is a phase of the situation that should be explored.

Mr. DUNNING: The hon. gentleman means that the new bonds issued in exchange would be on the trustee list but the old ones would not.

Mr. STEVENS: The old ones would not; the old ones are not at the present time. There may be some of them but I do not think that any of them are. I repeat, it is rather unfortunate that the matter should have reached this stage of discussion without previous notice. There is one phase of it that I should like to discuss, but I will content myself with these remarks and when the bill is up for second reading there will be an opportunity, if the minister will permit it to stand long enough for us to study the list which he has kindly agreed to put on Hansard.

Mr. DUNNING: In any case the annual report of the railways will give it much more completely than I can.

Mr. HEAPS: I was pleased to learn that the minister was exploring every possible avenue in an attempt to reduce the interest load on the Canadian National railway system. I notice that by the refunding of the present loan approximately $3,000,000 is to be saved.

Mr. DUNNING: No; $3,900,000 has been saved under the authority of the act which has now been exhausted. Perhaps I conveyed the wrong impression.

Mr. HEAPS: It is so difficult to hear what is said in this chamber that possibly I misunderstood the minister. There has been a slight reduction on account of refunding operations by the government. We were informed in the railway committee that if we could reduce the total amount outstanding and convert those loans to a three per cent level the annual saving would be about $12,000,000, about one-quarter of the total annual interest charges on the Canadian National Railways. There are still outstanding some loans that pay six and a half per cent interest. These loans were negotiated in 1921 and to-day they bear a rate of six and a half per cent.

Mr. DUNNING: Six and a half per cent?

Mr. HEAPS: Yes; it will be found in the Canadian National report. I believe that that represents some $25,000,000.

Mr. DUNNING: There is $24.000,000 six and a half per cent Canadian Northern guaranteed by the dominion.

Mr. HEAPS: I remember there was a loan of approximately that amount bearing an interest rate of six and a half per cent. I do not think that any government guaranteed loan ought to bear an interest rate of six and a half per cent. It is far too high. The minister will recognize that. Personally I should like to see the Department of Finance use every means at their disposal in an effort to get the interest structure down to a level where there shall be no outstanding loans at more than three per cent per annum. That is a fair rate to pay. When we begin discussing questions of economy in connection with the railways, that is the first place where in my opinion economies should be effected.

Mr. WOODSWORTH: I have no desire to discuss this question to-day or to do anything that would embarrass the minister in his negotiations, but when he suggests that anyone who makes a plea for a change in existing arrangements is guilty of urging the government to break its pledged word—

Mr. DUNNING: I did not say that.

Mr. WOODSWORTH: —then I challenge that statement. I do not like that high moral tone assumed in the case of perpetual bonds while on the other hand the people of Canada are allowed to suffer under an injustice simply because someone speaking for the government years ago committed this country to certain obligations—call it obligations if you like—that were unjust and unwarranted. It does not seem to me that we should take the ground that simply because certain legal obligations were incurred at that time there is no way of getting out of the difficulty. A good many people are suggesting that some way must be found—

Mr. DUNNING: I agree with that.

Mr. WOODSWORTH: —and I do not think that we ought to be told that we are immoral—

Mr. DUNNING: I must take exception to that; I never used such a word—

Mr. WOODSWORTH: I know the minister did not.

Mr. DUNNING: —nor did I intend to convey any such implication. So far as I am concerned the imputation should be withdrawn.

Mr. WOODSWORTH: I gladly withdraw it. But the minister took very high moral ground when he said that we must maintain our honourable obligations, and so on. That is hardly fair in a matter of this kind. We should not have had perpetual bonds. No one should be permitted, in the name of the country, to put this country under tribute as it is under tribute to-day. There are certain ways of adjusting these debts on a fair basis. We have had examples in the west, under the Farmers' Creditors Arrangement Act, in which very definite changes in arrangements have been made. If it could be done with the small mortgage holder it can be done with the larger mortgage holders that we call bondholders, whether resident in this country or outside.

Mr. DUNNING: Does my hon. friend suggest that we should put the railways into bankruptcy?

Mr. WOODSWORTH: The railways should have been put into bankruptcy many years ago, before they were taken over.

Mr. DUNNING: That may be so, but in order to make a parallel with the Farmers' Creditors Arrangement Act, bankruptcy proceedings are involved.

Mr. WOODSWORTH: I am not suggesting that it is an exact parallel, but I do suggest that it is one instance in which the people of this country, finding themselves in an impossible position, discovered a way out, and we shall have to do something of the kind in connection with the railway debt. There have been revolutions in other countries; why? Simply because there seemed to be no legal

way of getting justice. Not very long ago Mexico seized the holdings of the great oil companies and then the government began to negotiate with regard to what compensation should be paid. This has gone on the world over. Violent revolution, or illegal seizure, if you like to call it "illegal" has come simply because of the breakdown of constitutional and legal ways of dealing with realities. We have a right to urge that the people of Canada should not be called upon any longer to pay a tribute of this magnitude. I feel quite confident that if the ground is strongly taken—and it is a reasonable ground—that some way out must be found, then some way will be found. The minister may deplore the use of indirect means. I do not much care whether the means are direct or indirect, but we have to find a way of easing the burden under which the people are now labouring.

Mr. DUNNING: One further word, lest an impression should go abroad throughout Canada that the Canadian railway debt carries a very high rate of interest. The matters which are now under discussion represent a portion only, and a relatively small portion, of the Canadian National indebtedness. It is well for the people of Canada to know that the average rate of interest being paid to-day on the total indebtedness of the Canadian National Railways approximates four per cent. I say that lest there should be an idea that we are paying six or seven per cent on vast sums of money. But that does not lessen the necessity for any government to do everything it honourably can to reduce the interest burden. I again use the word "honourably." If the government is not the seat of honour, where are we going? I make no apologies for saying that the government should go as far as it can go honourably in making arrangements to eliminate excessive interest rates wherever they exist. I do not take second place even to my hon. friend in that regard. But I believe that the good of the people of Canada is best served by keeping their pledged word, and negotiating within that limit. I do not believe that the example of Mexico or other places is a good example for Canada.

Mr. WOODSWORTH: The minister has just repeated the kind of statement to which I rose to object. If we advocate some other policy it is not because we are any more lacking in honour than the minister—

Mr. DUNNING: Quite right.

Mr. WOODSWORTH: I say that very distinctly. In a few minutes we shall come to the discussion of unemployment in this country, and knowing as I do of thousands of young men to-day who have no chance whatever in life, some of them being driven to lives of crime by the necessitous circumstances in which they find themselves, and knowing that this government is not living up to its pledged word on which it was elected to power, I want the minister to be very careful in claiming any higher degree of honour than the rest of us in this house.

Mr. DUNNING: My hon. friend is too adroit for me. I did not claim any higher degree of honour than anyone else; I was speaking, not of my honour or the honour of my hon. friend, but of the word of the Dominion of Canada, pledged by Canada's duly authorized representatives at any particular time. If it will please my hon. friend, I doubt whether my own standard of honour would equal his.

Mr. WOODSWORTH: It is not a matter of personal honour; I was not in any way reflecting on the minister's personal honour. But I do protest against the conception, which is very prevalent, that a government's pledged word to one class of people is superior to the government's pledged word to another class. Take the example of a returned man who met me yesterday, asking for a hand-out. When the government asked men to go overseas and risk their lives in the service of this country it pledged its honour to care for them on their return. And I am not saying that the government has not done a great deal. But there are scores of those poor fellows to-day who have no opportunity of living a decent life. I admit that this is all part of a very involved question but I take this opportunity of urging upon the government that the care of people of that kind is just as much a debt of honour as the carrying out of the terms of any financial document to which the government has placed its signature.

Mr. DUNNING: It is a more important debt. We may differ as to the manner of dealing with some things, but we do not differ as to the relative importance of those debts.

Mr. WOODSWORTH: I am glad to hear that.

Mr. DUNNING: Unquestionably the debt of the people of Canada, as represented by their government, to humanity comes first; there is no question about that. My hon. friend cannot put us in that position.

Mr. BENNETT: It has been so treated by all governments.

Mr. DUNNING: It has been so treated by successive governments.

Mr. WOODSWORTH: Oh, no.

Mr. TUCKER: In regard to the point taken by the Minister of Finance that there is something wrong about a special tax, I do not think there is anything wrong about a special tax if such is necessary to do justice. The Minister of Finance introduced such a bill since I have been a member of this house. At the time the civil servants had their pay reduced by ten per cent it was regarded as a breach of the country's obligation to reduce the salaries of judges, of military officers and of the Royal Canadian Mounted Police; accordingly a special tax of ten per cent was placed upon their incomes. I suggest it will be no more unfair to place a special tax on the holders of these railway bonds to reduce their rate of interest to a reasonable rate.

I suggest that something should be done in this resolution to give power to deal with these bonds. The wording of the resolution is:

> That it is expedient to bring in a measure to provide for the refunding of matured, maturing and callable financial obligations of the Canadian National Railways. . . .

I assume that these obligations which are under discussion, these so-called perpetuals, are neither matured, maturing nor callable and so are not covered by the resolution. I suggest that the government should deal with these without further delay, and that power should be taken to deal with that type of obligation.

Mr. DUNNING: There is no question about our having power to negotiate. The government have power to negotiate with respect to any matter.

Mr. LEADER: It may be a delicate matter for a farmer to venture into the realm of finance, but I could not sit here representing a part of this dominion without taking the opportunity to state here as not only my opinion but that of my people back home that we should not fail to take advantage of every chance that occurs for refunding these obligations at a lower rate of interest. I do not think there is an hon. member in the chamber who does not believe in his heart that that is long overdue. When we look back and see the hardships that the people have suffered on account of these high interest rates, the homes that they have lost, the children's educations which have been sacrificed, we are reminded that the people of Canada have kept on paying this interest through all this time of turmoil and stress. The Minister of Finance knows well that Canadian National bonds bearing as high as seven per cent interest were refunded last summer.

I am just as jealous of my word and the word of Canada as any hon. member; but is it imposible for us to make arrangements with the bondholders without violating our pledged word? We have waited many years for the bondholders to take one step towards offering to do this, and they have not offered. I say an arrangement might be made without violating that word, and I will give an example. In 1897 Canada pledged her word and paid four million dollars to the Canadian Pacific Railway Company to enable them to build a railway line. In turn the Canadian Pacific pledged their word and signed an agreement to the effect that they would never charge more than a certain rate on commodities coming east, and commodities going west. In 1922 I was a member of the house when, by action of the house, the Canadian Pacific Railway Company were allowed to violate that agreement. Perhaps I should not say "violate"; they were allowed to amend the agreement in such a way that we lost the rate that we had paid for on commodities going west. I give this as an example of one instance where Canada did make an arrangement with a certain company and then changed the agreement. I do not think we violated our word.

I say in all sincerity to the Minister of Finance that I know the troubles he has, but we should seize the opportunity we have here to-day to issue an invitation to bondholders to see if they will not consent to a reduction in their earnings as other people of Canada have had to do.

Mr. LANDERYOU: Mr. Chairman, has the minister communicated with the holders of perpetual bonds to ascertain their opinions? I know that the province of Alberta wrote letters to the bondholders asking for their cooperation with a view to handling the debt situation in that province, and received no answer. The bondholders of Canada, particularly bondholders in connection with provincial governments, do not wish to cooperate; they do not wish to negotiate with a view to solving the debt problems of the provinces. The same holds true of the municipalities.

Mr. BENNETT: The hon. member for Rosthern (Mr. Tucker) and the hon. member for Saskatoon (Mr. Young) are both under a misapprehension with regard to interest rates. With respect to the six per cent interest, there is only $70,000 of principal outstanding, and the saving of three per cent on that is about

$2,000 a year which is a substantial sum, in one way. There are seven per cent securities outstanding with respect to only $86,000, so that we have with respect to the Canadian National an obligation of $156,000 bearing a higher rate of interest than five per cent. That is point number one

Number two is that this country did not issue those perpetual securities The difficulty is that member after member has suggested that we undertook to issue a perpetual security The only perpetual security which has been issued in this country, so far as I know, was one which was issued a few months ago by the Minister of Finance and is now selling at about 88 or 90.

Mr. DUNNING: A three per cent perpetual, yes.

Mr. BENNETT: Yes, and that is the first one this country has issued, so far as I know. The perpetual securities to which reference has been made, and which carry an interest rate beyond three per cent, are perpetual securities issued by the Grand Trunk Railway and the Canadian Northern Railway—that is, the Mackenzie and Mann railway, and the old Grand Trunk. Those companies did issue perpetual securities, the same as the Canadian Pacific Railway four per cent perpetual debenture stock, which, of course, has been sold in the markets of the world, largely in Great Britain. I think practically the whole of these perpetual securities of the Grand Trunk are held in Great Britain, and a great many of them are held in family trusts. But it would not make any difference if that interest rate were reduced to one per cent; it would not save us a dollar—not one dollar—because we have agreed to pay the Grand Trunk the equivalent of that much money. That is the point I wish to make, and that is the whole difficulty.

Mr. DUNNING: And we did that by act of this parliament.

Mr. BENNETT: Yes, by statute of this parliament. It is not a question of interest at all; that might all be taken away to-morrow and they would have to get exactly the same sum of money. It is covered by statute.

Reference has been made to what has been done under the Farmers' Creditors Arrangement Act. I may say it was the view of the tribunal which considered the question that the Grand Trunk was not insolvent with respect to these securities. That is, it was worth in any event the amount of money that was represented by these securities. Hence it was that the country, instead of going on the market and borrowing, simply undertook to pay the Grand Trunk a sum of money which serviced these perpetual obligations. And if the rate were two per cent we would still have to pay the same sum of money. This matter has come up without notice, and I will have to give from recollection what knowledge I have of it, because I have not looked it up for years; but that is the position as I understand it. This has nothing to do with common stock. It has no connection, except with these perpetual securities, and I believe this was designated in the statute which dealt with it. That is, it is an annual payment which amounts to sufficient money for the purpose of servicing those perpetual obligations.

There is one other six and a half per cent security outstanding—and I always think the people who bought those securities in New York took advantage of our great difficulty. It was a time when this country was in a tremendously difficult position, and money was demanding a very high price. I was not in the House of Commons at the time of the transaction, but I know we paid six and a half per cent for it, which was an exceedingly high rate. It matures in eight years.

Mr. DUNNING: Seven years.

Mr. BENNETT: I say that if you will compare the average interest rates of the National railway system with those of the other great railway systems on the North American continent, you will have reason to feel proud of them. As a matter of fact if you will look at the figures in connection with similar securities in Great Britain you will have good cause to hold up your heads. Leaving out the $70,000 and the $86,000, and the $24,000,000 issue of 1921, all of which pay a rate higher than five per cent, you find that some are two per cent, some are three per cent and some are four per cent, the usual rate that is being paid for these securities. That is the basis of what was to be a very valuable security, especially with respect to perpetual Grand Trunks, for the reason everyone knows, that we have undertaken as a country to pay sufficient money to service those obligations at the rate provided. If we had a rate of one per cent we would still have to pay the same sum of money.

Mr. DUNNING: The hon. member for Portage la Prairie (Mr. Leader) is a very sincere member, and I am sure he does not wish either here or in the country to give a wrong impression. I am not referring particularly to any observation he made, but rather to the trend of the discussion, and the idea that with respect to their Canadian

National obligations the people of this country are paying an unconscionable rate of interest.

I would like to point out to him that it is my job to work at that problem every day. I have conscientiously endeavoured to do it every minute I have been in office. Some of the results, not only of my work but of that of other men equally conscientious who preceded me, are contained in the public accounts so that he who runs may read. But the people will not read them. In the estimates before the house is a reduction in the interest charge on the public debt of this country amounting to about $5,500,000, as a result of taking advantage of such opportunities as come in connection with money markets and in connection with maturing obligations.

Mr. BENNETT: We saved $14,000,000 on one conversion.

Mr. DUNNING: I might point out further that it is not a partisan matter. Any man who occupies this position is supposed to give of his brain and experience. He should endeavour to manage the finances of this country in such a way that the load upon the people shall be as light as possible. Any man in this position who does not do that ought not to occupy it. May I point out that in spite of the fact that the public debt of Canada is to-day one billion dollars higher than it was in 1924, the debt charges to-day are just about what they were in that year. That is not a testimony to myself alone; it is a testimony to the fact that the men who are serving us in the Department of Finance and the ministers who have sat at this desk have continuously both in and out of season, used their best business and financial judgment in managing the public debt, even though they have not been very successful in preventing its abnormal increase. I want to mark that particularly.

This house votes the increases in public debt. These are probably necessary for any one of a thousand things, particularly during such periods as those through which we have just passed. If the financial management of the country has been such as to take care of a billion dollars of increase in the public debt and it is not costing any more in interest to-day than it did when the debt was a billion dollars less, surely that fact ought to be known by the people of Canada. It should also be known that the average rate at this moment on the Canadian public debt is less than three and a half per cent. I am not speaking by the book, in fact it might be three and a quarter per cent, but it is somewhere between three and a quarter and three and a half per cent. I would like you to look at the public debts of all the countries of the world and tell me how many of them can show an average debt charge of less than three and a half per cent. Remember we have a high public debt in relation to our population. The body that creates the public debt is this parliament and the financial management of the public debt must be in the hands of the government of the day. I know my hon. friend will say that the initiation of increases in the public debt rests with the government of the day. Of course that is true, but it is also true—

Mr. CAHAN: Public pressure.

Mr. DUNNING: We all know that there is public pressure behind all of us. As a matter of fact I believe the functions of parliament have changed completely. As originally constituted, parliament was a gathering of the commoners representing the taxpayers to prevent the king from spending too much of their money. Listening to speakers from all sides, it would seem to-day that the character of parliament has been reversed; parliament gathers for the purpose of persuading the king to spend ever more and more of their money.

Mr. LEADER: I appreciate what the minister has said, especially his reference to myself, but I fail to see where the saving in interest rates during these last ten years or more has been any remarkable achievement. I should like to ask the minister this question: When he refunds a maturing public debt at a lower rate of interest, is he not just renewing our note at the current rate of interest? Is that not only a business proposition that any of us would carry out?

Mr. DUNNING: Of course it is only a business proposition. However, there is a new aspect to the matter which has arisen in recent years. This country has determined that the control of credit and currency should rest with this parliament, through the government and the Bank of Canada. That fact has an important bearing upon these great refunding operations, in ways which I cannot discuss in this house or indeed on any occasion publicly. However, it is my responsibility. I can assure my hon. friend that there is another important matter to be considered, the choosing of the market, the time and the terms.

Why have I not called these Grand Trunk fours? Perhaps I am wrong, but my judgment is that they should not be called at

the present time and I have so advised my colleagues. Why? Because as a result of long experience in handling these matters I believe that there will be a more advantageous opportunity than the one at present available. If I am wrong, it will cost this country quite a bit of money and will probably bring me a lot of criticism from some of the hon. gentlemen who have been criticizing to-day. It is a matter of business judgment in handling very large and involved transactions. One cannot just go out and say, "Lend us $150,000,000." It cannot be done that way. It is not like walking into a bank where your credit is good and asking for a loan of $100. These are tremendous transactions.

As the right hon. leader of the opposition said, there was a saving of $14,000,000 in one transaction. I do not recall the particular transaction, but I know that some of them have been enormous. They have involved the mobilizing of investment funds, not by the big interests but by the people who have their little to invest. That is really the backbone of the investment market in these times. I believe we have come through 1937 with larger refundings than Canada ever undertook previously. If it were as easy as my hon. friend suggests, why do we have highly paid men with technical training in these matters to advise the Minister of Finance?

Mr. LEADER: I do not know.

Mr. DUNNING: Speaking as a farmer, I can assure my hon. friend that a group of farmers could not do the job. I have to have the best experts with technical training that it is possible for me to get.

Mr. TUCKER: In his remarks the minister dealt with the question of callable obligations. What I had in mind was the perpetual obligations and the attitude which has apparently been taken that if the holders of these obligations are not willing to agree to give them up, there is something wrong about saying to them that we are not going to pay six per cent interest, or five or four and a half per cent interest, in perpetuity, regardless of changed conditions. I protest against the suggestion that there is something wrong in taking the attitude that we may properly reduce the interest on a perpetual obligation.

The leader of the opposition has said that this parliament obligated itself to make those payments and that we cannot save anything. The first thing I would suggest in that regard is this: When parliament passed a statute twenty years back it surely did not obligate this country for all time regardless of changing conditions.

Mr. BENNETT: Then we will have to hand back the railway to the Grand Trunk.

Mr. TUCKER: That is not necessary either. This parliament runs this country, not the owners of the railway. We do not have to hand things back to anybody.

Mr. BENNETT: But if you break a bargain.

Mr. TUCKER: We have the right to legislate in regard to the railroads of this country and we are not going to hand the railroads back to anybody at the behest of anybody.

In connection with these perpetual obligations I suggest that if parliament made a mistake and entered into an obligation which in the light of subsequent circumstances, is proving to be ruinous, then there is a duty on subsequent parliaments to change that obligation. That would not be repudiation; it would not be doing anything dishonest; it would be recognizing our high duty to legislate in the best interests of the people.

The suggestion has been made that if we changed the rate of interest we would not save a cent. I submit that if we passed an act appropriating a reduced amount of money, the equivalent of a certain rate of interest, deemed fair, that would not change the essential facts of the situation—or differ from what has been suggested. We can reduce the amount of money payable just the same as we can reduce the rate of interest. That is what has been done in connection with the farmers, as the hon. member for Portage la Prairie has pointed out. The people of western Canada to-day are paying money in freight rates that it was definitely agreed they should not have to pay. The Crowsnest Pass agreement was abrogated by this parliament, and if an obligation to western Canada in regard to freight rates can be abrogated by this parliament, then our obligation to pay money to the bondholders can also be cut down. One is not more sacred than the other.

I cannot sit in my seat in this house, Mr. Chairman, without protesting against the attitude that unless we can get these bondholders to agree to a change we should sit down and do nothing, that if we can not successfully approach them directly we are doing something wrong if we do it indirectly. I submit that if we have a right to legislate to change conditions in regard to freight rates and break a solemn agreement whereby the people of western Canada were promised they would not have to pay more than a certain amount of freight rates on goods shipped into that country; if we can give the

right to the Canadian Pacific Railway Company to charge more than that agreed rate, then we can say to the bondholders: After a certain time your bonds are going to be called; if you want your money you can take it, but if you do not, we are going to pay no more than three per cent interest. I submit that there is nothing morally wrong about that, nothing dishonest, and I cannot sit in my seat in this parliament and take the defeatist attitude that unless we can persuade the bondholders to give up the present rate, we can do nothing about it. We sitting here in this parliament of the Dominion of Canada have full legal rights over the matter. When they took these bonds they knew we had the right to tax them, cancel them—I am not suggesting that we cancel them—do what we saw fit with them. I submit that we should legislate in the light of present day conditions, and fix a rate of interest that will be fair under present conditions.

Mr. BENNETT: It might be well to remember that the Canadian people have shown a very great interest in these matters, and when they were asked to convert their high interest rate securities to lower rates they did so to the extent of $640,000,000. That at least indicates that the people are quite as well aware of the circumstances as we are in this house, and are quite as anxious as we are to do what can be done. I happened at the moment to be at the finance department, and I was told by the bankers that it was not likely that the people would do any such thing; yet the people were so willing to do it that they took $640,000,000 of their high interest securities and converted them to a lower-interest-bearing security. That indicates that the people are interested in the matter and are concerned about it. And they were not the big interests that have been spoken of. You would be amazed, Mr. Chairman, to know that they were people who bought securities in small sums, $5,000, $10,000, some $25,000 and some $100,000, and they took a lower rate of interest because they were willing to help their country at a time of great depression.

I cannot get into my mind how a member of my profession would suggest that when a bargain has been made between two parties by which one of the parties sells his property for a sum of money, and that sum of money is represented by obligations which carry a rate of interest, the other party to the transaction can suddenly say: I am not going to pay what I have agreed to pay you, but I am going to keep the property just the same.

An hon. MEMBER: Farmers' Creditors Arrangement Act.

Mr. BENNETT: Certainly, I put the bill through, and it was based on the bankruptcy judgment of the privy council. The foundation of it is that the man must be insolvent, and all it does is to take his assets and ratably divide them among his creditors, which is bankruptcy.

Now it is suggested that we should say to the Grand Trunk, whose property we bought: We are not going to pay the annuity we agreed to pay you, and we are not going to give you back that road, but we are going to give you a lesser annuity than you agreed to take for it. Nobody has ever suggested that the price paid for it was exorbitant. In fact the common shareholders have always contended that the price was ridiculously small and that they were not fairly treated. Please bear in mind that this was a case in which we bought a certain property and agreed to pay an annuity for it which was sufficient to carry the interest on the obligations created by the railway company; and for us to say to them now that we are going to break that bargain would necessarily involve their chance of taking back their property, if we say we will not pay what we agreed to pay. That is the story; but it is not the whole story because it involves also the Grand Trunk Western in the United States, where certain other considerations would have to be taken into account. We bought that as part of the Grand Trunk system, and the contention is that we bought it too cheap. That has always been the contention. That is what the Grand Trunk shareholders say in England, that we did not give them what it was worth and that they should have something more.

Mr. DUNNING: They want the right to sue us at this moment.

Mr. BENNETT: They are asking for a fiat, not only to set aside the Lovibond award, but they contend, as the member for Kootenay East has said, that for some reason their own directors did not enable the common shareholders to vote on the offer we made to them, and which they declined to accept. Let us keep in mind that this is not a question of interest rates at all, but a question of a bargain we made with a company with headquarters in England, the pioneer railway company in this country. We agreed to take their property and pay them an annuity sufficient to pay the interest on their securities, and if we broke that bargain, if we relieved ourselves from our obligation, we would have to contemplate their getting the property back.

Mr. JAQUES: May I suggest that this is more a question of common sense than a question of honour. You cannot pay increasing debts unless you have increasing supplies of money, and if the government would implement its pledge to issue currency and credit in terms of public need—

Mr. DUNNING: We are doing that now.

Mr. JAQUES: —we might then be able to defend not only the integrity of our honour but the integrity of our pockets.

Mr. DOUGLAS (Weyburn): I should like to refer to two remarks made by the Minister of Finance. He takes the stand that the obligation entered into some years ago is still binding on this parliament, and that any attempt at a compulsory settlement is a breaking of faith. During the great war Great Britain entered into certain financial obligations with the United States, but after the war economic conditions were such that it was impossible for Great Britain to carry out its obligations. As a result for some years now Great Britain has been making interest payments not in gold, as the obligation called for, but in silver, and it has never been suggested anywhere that that was a breaking of faith. They were simply facing the realities that had to be met.

The minister also said that it was not a question of simply the big interests being involved as shareholders, but that there were people who held small blocks of bonds who must be taken into consideration. Yet in both Great Britain and Australia the governments appealed to the patriotism of their citizens.

Mr. DUNNING: So did we.

Mr. DOUGLAS (Weyburn): Exactly. And their people responded in a splendid way.

Mr. DUNNING: So did ours.

Mr. DOUGLAS (Weyburn): There is no reason why the people holding these bonds carrying a high rate of interest, 6½ and 4 per cent, should not now be prepared to show their patriotism.

Mr. DUNNING: My hon. friend understands that these people are not in this country but in England.

Mr. BENNETT: And they are paying the highest income tax on the interest they get from these securities of any people in the world.

Mr. DOUGLAS (Weyburn): The fact remains that Australia took steps to compel these people living outside the commonwealth.

[Mr. Bennett.]

Mr. DUNNING: Oh no, they did not compel them.

Mr. DOUGLAS (Weyburn): They set a limit of time within which they could either reconvert their bonds or cash them in.

Mr. DUNNING: That applied to Australia, not to outside Australia.

Mr. DOUGLAS (Weyburn): They put a limit on people residing outside, too.

Mr. DUNNING: No.

Mr. DOUGLAS (Weyburn): I may be misinformed, but I understood they did.

Mr. BENNETT: They made a conversion in London.

Mr. DUNNING: Yes. As a matter of fact I can give the hon. member the information. The compulsory feature applied only to Australian holders; ninety-seven per cent of the bonds, to the best of my memory, came in voluntarily as a matter of patriotism, and it was necessary to apply the compulsory feature with respect to only three per cent. But with respect to the London obligations it was a matter of conversion by arrangement and bargaining in the same manner in which we proceed under similar circumstances.

Mr. DOUGLAS (Weyburn): But is it not true that the Australian government said that unless they accepted the voluntary arrangement it would be made compulsory?

Mr. CAHAN: There was no intimidation at all against the foreign holder.

Mr. DUNNING: There was no intimidation against the British holder.

Mr. HARRIS: If we can get back to the resolution for just a few moments, I should like to reiterate with a little more detail what I had in mind a short time ago. We now purpose to issue $200,000,000 which will have the full guarantee of the government. Our present obligations are made up in part of the $978,000,000 to which in the last two decades we have seen fit to give the government guarantee, and another $251,000,000, part of which is guaranteed by the provinces and part of which is held perhaps by individuals, corporations and financial institutions. I am one of those in this chamber who are anxious that nothing shall impair in any way the word or guarantee of the Dominion of Canada. My position is on all fours with that of the Minister of Finance when he said a few moments ago: "If this house is not the seat of honour, where shall we find it in this country?" We ought to be in the top position in that regard. I am anxious to keep

it that way. But we ought to be particularly careful that we do not go on continually adding the pledge of the Dominion of Canada to securities of one kind and another. Some of these securities, twenty years ago were worth ten or fifteen cents on the dollar, but by getting them in under these guarantees by the dominion their value is raised to-day to around one hundred dollars to the extent of a billion dollars.

In this resolution are we not adding some small portion to the total, taking it out of the category of not being guaranteed by the government and putting it into the category of a government guaranteed security? That is the point about which I was trying to learn something in the early part of the discussion. Let us keep our word; let us adhere to our pledges by all means; but let us not add to those pledges more and more. I can visualize that in 1917 and on to 1921, when the holders of some of these securities wrote up their financial statements at the end of the year, they did not put much value on these securities, and they got in the hands of financial institutions of one kind and another.

I believe that if it were possible to go right through the history of the last twenty years with regard to this billion dollar's worth of debt, two distinct features would come to the surface. To quiet the fears of the people of Canada, as the minister said a few moments ago, the interest rate has been reduced; but to what extent has the principal sum of money represented in that bond become of more value? To what extent during the last twenty years has it increased on the present worth sheets of the owners of those particular securities? To an extent, I would venture the opinion, much more than offsets the reduction in the interest rate, say from six to four per cent. I merely want to put on record that in parading before the house and the country that we all with one accord are seeing to it that the interest rate on all our obligations is coming down, we should see to it that we are not, by endorsing these bonds and moving them into the category of fully endorsed government bonds, increasing the value of the original security by changing its category. I therefore repeat my question, What portion of this $200,000,000, which is part and parcel of the $978,000,000 at present guaranteed—

Mr. DUNNING: No, in addition to it.

Mr. HARRIS: —in addition to the $978,000,000—originates with the provinces, and what portion consists of bonds of a kind to which no dominion or provincial responsibility or guarantee or mortgage is attached.

Mr. DUNNING: I will see that that information is available on the bill.

Resolution reported, read the second time and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 107, respecting the Canadian National Railways and to provide for the refunding of matured, maturing and callable financial obligations.

Motion agreed to and bill read the first time.

UNEMPLOYMENT RELIEF

MEASURE FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

The house resumed from Wednesday, April 27, consideration of the motion of Hon. Mr. Rogers for the second reading of Bill No. 105, to assist in the alleviation of unemployment and agricultural distress.

Mr. JEAN-FRANCOIS POULIOT (Témiscouata): Mr. Speaker, at page 2318 of Hansard of yesterday, the hon. member for Kootenay East (Mr. Stevens) is reported as follows:

So I say that in my opinion we have failed lamentably as a parliament; for the moment I shall not speak of the government, which is the leader of parliament and the leader of the country. I will say that parliament, including myself and every member of it—

Every one.

—is failing in this very session, as I think we have failed to perhaps a lesser degree in the past, to give leadership in these matters to this country.

I register the strongest protest against that statement. The other day, on April 7, the hon. member for Huron-Perth (Mr. Golding) asked, as reported at page 2112 of Hansard, the following question of the hon. member for Kootenay East:

Mr. Golding: What did the hon. member say to them for five years when he was in office? What hope did he give them?

That is, the unemployed.

Mr. Stevens: If the government and the people of this country had paid attention to what I said, they would probably have been further ahead than they are to-day, but they did not pay attention. I am going to say to-day what I said before the last election, and what I said when I sat on the treasury benches and after I left them.

Mr. Golding: Say it now.

Mr. Stevens: I am going to say it now, if my hon. friend will let me. The cause of the unemployment of fifty, sixty or seventy thousand railway men is not a falling off in external trade; it is a change in economic conditions, which has been wholly ignored in connection with this matter.

The hon. member for Kootenay East did not tell the whole story. I took the trouble to check the index of Hansard for every session including the first session of 1930, and I will read the record of the hon. gentleman, first as a heckler when he was on that side of the house before the election of 1930; in the second place as a minister of the crown from 1930 to October, 1934; and in the third place as a gentleman of leisure as he is now.

On April 1, 1930—it was April Fool's day—he opposed the fair wages and hours bill, as will be found in Hansard of that date at page 1143. On March 31, the hon. member for Winnipeg North (Mr. Heaps) moved the following amendment to the motion to go into supply:

In the opinion of this house the government should take immediate action to deal with the question of unemployment.

On April 1, the hon. member for Kootenay East, who represented another constituency at the time, interrupted the then Minister of Labour by his heckling, as will be found on eight pages of Hansard. I did not have the time to count each one of his interruptions, but the house can find them on pages 1172-3-4-5-8-9 and pages 1180-1 of Hansard of April 1, 1930. One of his interruptions at page 1179, the second column, while the then Minister of Labour was speaking, was as follows:

Mr. Stevens: Are the minister and his colleagues aware of any unemployment problem which exists in Canada at the present time or which has existed during the past three months?

Mr. Manion: Certainly not.

Let us turn to a book published under the authority of the hon. gentleman when he was Minister of Trade and Commerce in the defunct government. I refer to the Canada Year Book of 1931. At page 775 of this book, published under the hon. gentleman's authority, there appears the following.

In Canada, as in other parts of the world, there was a general slackening in industrial activity during 1930 resulting in a lower level of employment than in 1929, and also than in some months of 1928. With these exceptions, however, the general index was higher than in previous years of the record.

That is the first quotation. I quote the next paragraph on the same page:

Employment showed partial recovery at the beginning of February from the year end losses, but in the next two months the trend was downward. From May 1 till July 1, steady improvement was recorded and the situation on August 1 showed little change. From the beginning of September, however, curtailment was again indicated—

The hon. gentleman was then a member of the government at that time in power.

—and on December 1 the index was nearly three points lower than on January 1—

Mark you!

—although it was higher than the average for the years 1921-1927.

Before the hon. gentleman was informed, before the election of 1930, he said that there was a lot of unemployment, but after he was better informed he saw that he was mistaken in that statement and said that there was no unemployment at the time he said that there was.

Mr. STEVENS: That statement does not say so.

Mr. POULIOT: I have read it, and my hon. friend can learn it by heart; I have no time to read it again. In 1930, on April 3, the same gentleman heckled again during the Prime Minister's speech on an amendment to supply moved by the hon. member for Winnipeg North. At page 1224 of Hansard of April 3, 1930, the Prime Minister made the statement that there had been 146 interruptions on the previous day in the course of the speech of the Minister of Labour. The hon. member for Kootenay East thereupon said that the minister had invited them. Now I come to the story of the five-cent piece and I will read it to the house. On pages 1227 and 1233 there will be found some interruptions by the hon. gentleman. From page 1227 I quote the following:

Mr. Mackenzie King: May I conclude what I have to say? So far as giving money from this federal treasury to provincial governments is concerned, in relation to this question of unemployment as it exists to-day, I might be prepared to go to a certain length possibly in meeting one or two of the western provinces that have Progressive premiers at the head of their governments—

Some hon. Members: Oh!

Mr. Mackenzie King: —but I would not give a single cent to any Tory government.

Mr. Bennett: Shame!

Mr. Stevens: Shame!

Mr. Mackenzie King: Do my hon. friends say "Shame"?

Mr. Bennett: Yes, shame!

Mr. Mackenzie King: What is there to be ashamed of?

Mr. Stevens: You ought to be ashamed of that.

Mr. Mackenzie King: My hon. friend is getting very indignant.

I am glad to see the hon. gentleman laughing to-day. Apparently at that time he was making a joke at which he is only now laughing. The Prime Minister continued:

Something evidently has got under his skin. May I repeat what I have said? With respect to giving moneys out of the federal treasury

to any Tory government in this country for these alleged unemployment purposes, with these governments situated as they are to-day, with policies diametrically opposed to those of this government, I would not give them a five-cent piece.

Mr. Cahan: Why give it to a Progressive government?

Mr. Speaker: Order.

The point is that at that time there was no unemployment at all according to the official statement published by the hon. gentleman in his official capacity. There was nothing of the sort; and was it a shame for the Prime Minister of the time to say that he would not give a five cent piece to the Tory government for alleged unemployment or for Tory propaganda? That is the point.

Let us come now to the record of the hon. gentleman on unemployment relief as a minister of the crown. It is very short. I have it on one page for the four years he sat as a minister. At the 1930 special session on September 11 he interrupted the present Prime Minister, as indicated at page 90 of Hansard of that session, and during the special session on the same day he interrupted the Hon. Mr. Ralston, as reported at page 118. His contribution during the special session of 1930 was to interrupt my leader and Mr. Ralston, a former minister.

Let us pass along. Time marches on. On June 4, 1931, the hon member for Winnipeg North, during his speech on the debate, had the honour to be interrupted by the hon. member in question, as reported at page 2320 of Hansard of that year. And there was another interruption of the hon. member for Winnipeg North Centre (Mr. Woodsworth), who has probably forgotten or forgiven it. That was on August 1, as reported at page 4454. Therefore the hon. member was following the very good policy of making two interruptions each session. He made two in the special session of 1930, which was a short one, and he made two in the regular session of 1931, which was a long one.

Let us come to the session of 1932; March 10, pages 984-5 of Hansard. The hon. member interrupted the hon. member for Vancouver East (Mr. MacInnis), probably because he comes from his own province but does not share his political views. On March 15 the hon. member in question made his first speech on unemployment. He had been sworn in as a minister of the crown for nearly two years, and this was the first time he expressed his views on unemployment. That was in the debate on the resolution for continuance of unemployment and farm relief, just a defence of the blank cheque. At page 1124 of Hansard of that year he is reported as saying:

> The situation which confronted the government was this: Undoubtedly there was a national emergency, the nature of which a year ago it was impossible to define in precise terms.

"A year ago" was March 1931, or nine months after the government of which he was a member had taken office. Before that there was no unemployment. The crisis came when the hon. gentleman was one of the colleagues of the leader of the opposition. He could not say otherwise, on account of his official statement in the Canada Year Book for 1931; he had to be logical with himself; therefore he had to show that unemployment began from the time they were in power, and when he was so indignant with my leader for saying he would not give a cent to Quebec or the Tories for propaganda, then there was no unemployment at all according to himself. Do you know, sir, why the hon. gentleman is smiling? He may belong to the Oxford group and decided to make his confession, and, as I proceed, it brings him relief. The hon. gentleman continued:

> Indeed, in any such emergency there are bound to be conditions which cannot possibly be foreseen, and yet it is of prime importance that such conditions should be met when they arise. Therefore, I say a year ago the government was faced with a national emergency due largely to two causes, namely, unemployment and crop failure.

Twice he repeated that it was a year ago, or a year prior to March 15, 1932, that unemployment started and the government of the time was faced with an emergency.

There was no constructive suggestion in that speech. Even with a magnifying glass one could not be found.

On April 1 of the same year he interrupted a speech of my leader on the Unemployment Continuance Act, as reported at pages 1624, 1625, 1628 and 1629 of Hansard. At page 1628 the present Prime Minister gave certain quotations, and the hon. member suggested it was a distortion of the position taken by the then Prime Minister (Mr. Bennett). I could use those words to qualify his interruption when he was so indignant about the statement of my leader as to refusing to give anything for propaganda to the Tory governments which have since then disappeared.

On May 25 the hon. member gave some unemployment statistics to the hon. member for Winnipeg North Centre, as reported at page 3383. On the same date he interrupted

that hon. gentleman, his deskmate, as will be found at page 3427. That is the contribution of the hon. member on the question of unemployment relief during the session of 1932, which was a long one.

Then we come to the session of 1932-33. On November 4, 1932, as reported at page 848, he gave unemployment statistics to his present deskmate (Mr. Woodsworth). Time marches on. On March 22, 1933, he answered the same gentleman, his deskmate, that he would look into the matter of unemployment statistics, as will be found at page 3283.

In 1934, during the whole session, he did not say a word about the unemployment problem. And that is the contribution of the hon. member to the question of employment or unemployment policies for the whole time he was a minister of the crown.

Let us see what his record is as a gentleman of leisure. He resigned his portfolio on October 27, 1934. On July 2 of the following year he made his second speech in five years on British Columbia relief camp strikers, as will be found on page 4143 of Hansard of 1935. This is very important, because he gave us a second edition of that speech not long ago. That was all for 1935.

In 1936, on April 20, speaking on the unemployment relief bill he said:

. . . we must make it possible for the commission and the government to act this year, this summer, immediately . . .

In starting public works, as will be found on pages 1967-8 of Hansard of that year. He spoke about the drafting of legislation as reported at pages 1984-5.

On April 6, 1936, he spoke of the employment commission, as will be found on pages 1816-7 of Hansard. And I have another reference on that matter. He spoke of the seconding of employees. Then, as reported on page 1825, he said:

I wish to warn the Prime Minister and his colleagues that, in my opinion at any rate, they are leaning on a broken reed when they depend upon external trade to solve our internal problems . . .

On April 7 he spoke of road connections from mountain parks to the boundary, as will be found on page 1882. He did not discover that suggestion; everybody knew that roads are necessary to lead to the parks; in fact the matter was discussed a long time ago; but the hon. member took advantage of it and I congratulate him upon the appropriate remarks he made.

In 1937 he said nothing about unemployment. That is the record of the gentleman of leisure who can give all his time to the matter and is not required to look after his party. He is in the position of the totalitarian states; he is a totalitarian party; the party consists of himself, and what he said about parliament was perhaps a little propaganda for Herr Hitler and Il Duce.

That is all, sir, until this year. But this year the party of reconstruction became the party of resurrection, and those who were sleeping in those years of depression awoke. On April 7 of this year the hon. gentleman made a very fine speech on unemployment on the resolution which preceded this bill. As reported at page 2110 of Hansard the hon. gentleman said:

I recall very well, and perhaps the committee will do me the honour to recall it also, that on that occasion—

That is when the act respecting the establishment of a national employment commission was brought before the committee.

. . . I warned the government that the appointment of a commission as proposed in the then bill was not a solution of the problem of unemployment or of the problems of economic distress peculiar to the country at that time. I further stated that the employment commission could not possibly report within less than eighteen months. I was too optimistic, Mr. Chairman, because it has taken two years for the commission to make its final report.

Let us see what the hon. gentleman actually said on April 6, 1936, as reported at page 1828, speaking about the employment commission bill:

I am not suggesting that this council is an unwise thing at all. I think it should have been in operation years ago; it would have been better if something of the kind had been provided, but I do not know that it is necessary to appoint a commission from outside.

It was a commission from inside that he suggested.

I think the Prime Minister, with his powers as such, could have summoned men right in the service at the present time. I could name a dozen such men he could summon who would make up just as good a commission as he will ever get anywhere. Be that as it may, this commission may be a good thing; I am not criticizing it—

Those are the words of the hon. member, and if he wishes to see them he need only turn to page 1828 of Hansard of April 6, 1936. There is no criticism in that; if it is criticism, it is indeed very mild.

Then he spoke about the splendid public service given by those who constituted the Purvis commission. If the hon. member wishes to know more about my views on the commission he has only to read La Presse of Montreal, each Saturday, and he will see what

I think of it. "Splendid service"—it shows that the hon. member is not familiar with the unemployment problem. He knows that the commission rendered no service at all to this country. I found their report rotten. I have proved it clearly and distinctly in several articles which have been published in that paper, the French newspaper with the largest circulation in America.

He goes on to say, in his speech delivered on April 7 of this year:

> The duty of the commission was to take the facts, which we knew then quite as well as we know them to-day; to study with the assistance of their experts the causes that lay behind, and then come to the government with their conclusions so that the government could present to parliament some definite proposals for remedying these problems.

"The causes of unemployment"—surely the hon. member has not forgotten that his leader, the present right hon. leader of the opposition, made the very best speech of his career when he addressed his electors in Calgary in the winter time, about Christmas, 1930, or the New Year, 1931, shortly after his election as Prime Minister. What did he say then? He said, "We must look into the causes of unemployment."

When I was on the opposite side of the house, one evening I started to read that very speech, eulogizing the hon. member's leader —at that time he was still with his leader— and that leader became furious; I do not know why. It was the first time I had any reason to compliment him. He became furious, and called upon the chair to prevent me from continuing reading that magnificent speech about the necessity of finding the causes of unemployment. At that time the hon. member was supporting his leader, and I was not given a chance to read that speech in the house, a speech which referred to the causes of unemployment.

With respect to railway men, the hon. member must learn that the humble member who addresses the committee is a friend of the labouring man; he has fought for them every time, and had regretted the way the railway men were treated when the government which the hon. member supported was in power.

Then came the second edition of his second speech in five years on the British Columbia relief camps. As reported at page 2112 of Hansard of this year he said:

> It shall not be said through any oversight on my part that I am belittling assistance to youth. I am all for it; I have been for some years and have spoken constantly in favour of it—

Yes, outside the house. But what counts is what is said in the house. To canvass or make speeches to organizations of youth whose votes anyone may wish to obtain is worth very little. It is much more important to discuss the youth problem in the House of Commons, and to give the house or the committee the benefit of one's views in the matter.

Then he spoke about unity and became a little satirical about the Minister of Labour (Mr. Rogers) and the premier of Ontario. It is dangerous to throw stones at a neighbour, when one lives in a glass house. The hon. member is not very far from the seat occupied by the gentleman who was careful enough to leave the chamber when I began to speak; I mean the right hon. leader of the opposition (Mr. Bennett). I do not see how the hon. member for Kootenay East can speak of unity, preach unity or give lectures about unity to anyone, when he sits so far away from his former chief. Ah!

At page 2115 of Hansard he is reported to have said something about bankrupt municipalities, and he made the exception of the city of Sherbrooke. According to the hon. member, all other municipalities in Canada are bankrupt; he knows about all of them.

Mr. LECLERC: He might have excepted Granby.

Mr. POULIOT: Because the hon. member is the mayor and a very wise administrator; but he is a Liberal, too.

As reported at page 2115 the hon. member for Kootenay East says:

> But I disagree with the idea of the dominion government and the dominion parliament taking the responsibility, because in my opinion the whole question narrows itself down to one of economics and not to a dispute about constitutional authority.

As reported at page 2115 the hon. member is not in favour of the dominion parliament taking responsibility. All right. He has changed his views about his leader; it did not take him long to change his views about that.

Let us turn to page 2116, the last paragraph of which reads as follows:

> I am going to say quite frankly that unless some step is taken—and the leadership must come from here—there will be a serious time ahead for the cities and municipalities of this country.

On one page he disagrees with the idea of the dominion parliament taking responsibility, but on the next page he says "leadership must come from here." When was he right? Was he right at page 2115 or at page 2116? Any hon. member can check it in Hansard. I would direct the attention of

anyone interested to the third paragraph in the second column on page 2115, and to the third paragraph in the first column on page 2116.

He spoke very modestly about housing:

Since 1931 I have consistently taken a strong stand on this question of housing throughout Canada.

On June 19, 1935, and never before—I have checked the indexes of Hansard and there is nothing about housing until this date—the hon. member for Kootenay East began to speak about housing. He spoke on the third reading of a bill to establish the trade and industry commission, and on that occasion was called to order by Mr. Speaker, and did not proceed further.

Then, at page 610 of Hansard of 1936 I find two-thirds of a column in the report of February 27. I find one and one-quarter columns at page 1826 of Hansard of April 6, 1936. There is nothing in Hansard for 1937.

In the speech delivered on April 7 of this year he makes some observations about the tourist business and, finally, in the peroration of his speech he said he had heard rumours to the effect that the government proposed to introduce a long list of public works to be scattered throughout the various constituencies, as a contribution towards the solution of this problem. He made this comment:

If that is done, all I can say is that it is an indication that an election is in the offing.

I do not wish to impute motives to anybody, but I assume the next Conservative convention which takes place immediately after the close of this session, had something to do with the speeches the hon. member made on unemployment.

I have almost concluded what I wanted to say, with the exception of one further point. I have given the record of the hon. member with regard to unemployment, since the beginning of 1930, including the time he was a cabinet minister and the time he has been a gentleman of leisure. I shall give my own record, not in order to boast but just to show the hon. member for Kootenay East that his statement about parliament was most unfair to each member of the house. I shall not repeat his remarks as they are already twice on record. On March 15, 1929, the select standing committee on industrial and international relations studied the problem of unemployment. At that time figures were given which interested me very deeply. I started to make a study of the minimum wages paid to men in the province of Quebec, and I found that the workingmen in my province were being paid less than those in other provinces. I considered that to be most unfair. My task was not at all interesting at first and I am thankful to the Prime Minister (Mr. Mackenzie King) for the assistance he provided at that time in helping me to compile and classify these statistics. I also had the help of the staff of the Department of Labour, especially of Mr. Ward, a very competent man who was then deputy minister.

If the hon. member for Kootenay East will look at pages 3654 to 3659 of Hansard of June 12, 1929, he will find a number of tabulations with reference to wages paid in Quebec and other Canadian cities. The minimum and maximum wages paid in Montreal and other Canadian cities are shown. On March 21, 1930, as reported at pages 853 and following of Hansard, the member for Témiscouata made a speech in connection with minimum wages paid to men. He was interrupted by several Tory members. He was interrupted by Mr. Macdougall, who was defeated in Inverness by the present member (Mr. MacLennan); by Mr. Short, who has since died; by Mr. Irvine, who was then a Cooperative Commonwealth Federation member, but who changed his colours quite often; by the Hon. Mr. Chaplin, who has since died, and by Hon. Mr. Geary, the former Minister of Justice. On March 31, 1930, as reported on pages 1132 and following of Hansard, the member for Témiscouata was interrupted again by another Tory who laughed at him when he told about the misery of the unemployed. That was Mr. Ernst, who was afterwards selected as Minister of Fisheries by the then Prime Minister, probably because he was so light. That interruption did not prove a good vote catcher in Nova Scotia.

On April 30, 1930, during the debate on the third reading of the Fair Wages and Hours Act, the member for Témiscouata praised the then Minister of Labour for bringing in that legislation, against which the hon. member voted. I had a complimentary letter from Mr. Tom Moore, then president of the Trades and Labour Congress of Canada, dated June 18, 1929. I shall not take the trouble to read it, but I keep it on my file. Mr. Moore praised that legislation.

I have in my hand a voluminous report dealing with the settlers on relief in one part of my constituency, which report I can show to anyone who desires to see it. This report concerns a number of men who have suffered considerably. These men come to see me when I am home, and I call to see them

when I am in their vicinity. Such visits are a sorrow rather than a pleasure because these men live under such poor circumstances. I have been working for these men; I have been pleading and arguing their case in the house; but what happened? I was made a laughing stock by the Tory gang when I defended these poor settlers who were starving.

Not only that, but I was grossly insulted by a man now employed by the provincial government. At one time he was a member of the press gallery but was expelled because he was a drunkard and a scoundrel. He had space in a room of one of the Tory members where he wrote defamations, calumny and insults in connection with Liberal members, and especially the member for Témiscouata. I called that man by name in the house; but what happened? That man had been evidently inspired, because when I called him a scoundrel, the terrestrial almighty had my words struck from Hansard. This was against all the rules of the house, as we are free to call anyone a scoundrel who is not protected by the rules. I made this statement at that time because I was most indignant, but the hon. gentleman did not defend my action. I was doing my duty in trying to improve the lot of the poor settlers in my constituency and throughout the north, but I was insulted and laughed at by the supporters of the previous government. I am not saying that my hon. friend laughed at me on that occasion; but he knows those who did, those who jeered at me when I referred to the misery of these men. That may be the reason why he left them. If so, I congratulate him.

Your Honour was in the house at the time and will remember the trouble I had in trying to obtain the previous occupations of the unemployed. I do not know if it is true, but I have been told that an order was then given not to hand out any figures in connection with the unemployed. Figures could be given out only in connection with the employed, but that is an altogether different thing. I could not get any information until the mayors of sixty-two of the most important cities in Canada came to Ottawa. They compiled this information and sent it to me. I had it classified with the help of just one person, and I distributed copies of my report to the members of the house and of the senate. This was declared to be out of order by the chair as it did not suit the pleasure of the then government. However, I supplied this information in order that the then government and the country should be forced to know something about the previous occupations of the unemployed.

It is utterly impossible to do anything for the rehabilitation of the unemployed unless their previous occupations are known. We must know what they can do and where they can be found. That is why I found the report of the employment commission to be far from satisfactory. The hon. member for Kootenay East has said it is a splendid work, but I consider it a rotten piece of work.

The DEPUTY SPEAKER: I must remind the hon. member that he has exhausted his time.

Some hon. MEMBERS: Go on.

Mr. POULIOT: I offered to do this work, and the only cost to the country would have been the payment of four or five competent employees in the service. Hon. members will remember that was the only condition attached to my offer. If I had done the work, my report probably would have been less extensive; but it would have indicated the previous occupations of each class of unemployed in each important city of Canada, and even in the smaller municipalities, showing what classes of men have suffered from unemployment. That is the only way in which you can draft a sane policy for the rehabilitation of the unemployed. That is my point, Mr. Speaker, and I am not going to continue longer. I thank the committee, and if I have said anything disagreeable it is only because of the respect I have for the truth, my respect for parliament and my respect for my colleagues.

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, the hon. member for Témiscouata (Mr. Pouliot) protests very vigorously against the member for Kootenay East (Mr. Stevens) stating that parliament is not doing its duty. I for one want to say that I think parliament is not doing its duty, and that no member of this house can return to his constituency without feeling somewhat ashamed of the small amount of work that 245 men have to show as a result of their deliberations for, now, three sessions.

Referring to the bill now before the house, one cannot estimate its value by itself. That

can be done only by examining the policies of the Liberal party as advocated before the election and the policies they have pursued since coming into office.

On February 27, 1933, the leader of the Liberal party set forth in this house the policy of his party with reference to unemployment. Without quoting, one may say that it consisted of four things: (1) Unemployment was to be treated as a national problem; (2) there was to be set up a national employment commission to administer relief in cooperation with the municipalities and in an endeavour to provide work for the unemployed; (3) there was to be set up a system of unemployment insurance; and (4) as a permanent measure the government was going to stimulate internal and external trade.

I ask the house to look very briefly at what has been done and what is now proposed in this bill as an answer to those policies. First of all, may I point out that the question of unemployment is not being dealt with as a national problem. For the past three sessions we have been told again and again that the direct responsibility lies with the municipalities and the province, and there has been no attempt to come to grips with the problem as the direct responsibility of this parliament and the federal government.

Let us look at the second plank in their platform with reference to unemployment—the setting up of a national employment commission. The idea of a national employment commission was conceived in the mind of the present Prime Minister (Mr. Mackenzie King) in 1933. It came to birth in 1936, but it was not the kind of child that had been visualized by the Prime Minister. Originally the national employment commission was to be a commission that would cooperate with the provinces in the administration of relief, but the commission that was appointed had no such power, and never has had any such power. It had no power to put a single man to work, no power to administer any relief. As the minister (Mr. Rogers) himself said, it was an advisory commission whose main function was to collect statistics and submit advice to the Minister of Labour.

This commission, conceived in 1933 and born in 1936, died on February 1, 1938. Shakespeare in Julius Caesar has Mark Antony say, "I come to bury Caesar, not to praise him." This parliament has come to bury the commission, not to praise it. The commission is dead; it no longer exists. Having submitted its report, which cost the people of this country in the neighbourhood of $300,000, it now ceases to exist. Why? Is there no longer any need of advice in dealing with the problem of unemployment? Has the problem of unemployment been solved? Even the Minister of Labour would be the first to say that the fact that you have collected statistics regarding unemployment is not removing unemployment, and that an analysis of the situation is not a solution of the problem. Here we have a national employment commission that was to be the bulwark of the Liberal policy for combating unemployment, a commission that was brought into existence in 1936 and died in 1938. But what is most significant of all is that I find, in a return to an order of the house brought down for my colleague the hon. member for Rosetown-Biggar (Mr. Coldwell), that the commission was dismissed before the report which it had submitted had even been considered by the government.

Mr. ROGERS: May I correct that? I know my hon. friend wants to be fair. I think he will see that the statement is to the effect that the report was considered, as it only could have been considered, after it had been submitted, and the commission itself was dissolved after it had submitted its final report—its "final report"; I emphasize those words.

Mr. DOUGLAS (Weyburn): The government gave consideration to the final report after its submission, it is true; but the fact still remains that by that time the commission itself had been dismissed, and, strange to say, twelve of the employees whose services with the government had ranged from one to sixteen years, four of them having served for fourteen years and over, were dismissed at the same time. That would look to me, Mr. Speaker, as though there was very little sympathy on the part of the government with the report submitted by the commission. Certainly they have shown no enthusiasm for its recommendations. I ask the house now to look at page 20 of the report of the national employment commission, where will be found a summary of the commission's recommendations. As I intend to speak for only a short time I would ask, with the consent of the house, that this be placed on Hansard.

SUMMARY OF COMMISSION RECOMMENDATIONS
(Other than those in Connection with personnel)

Subject Matter	Recommended to Minister	Action taken
I. Registration		
For a national registration of relief recipients	June 30, 1936	Approved July 4, 1936.
II. Employment Service		
For the national administration of the Employment Service of Canada.	August 11, 1936	No action.
For consideration of Commission recommendation without regard to cost to Dominion of transfer of expense from Provinces to Dominion, this in view of vital importance in handling employment and Aid problems.	January 29, 1937	
III. National Advisory Committee		
For composition of, and personnel for, Committee.	August 25, 1936 October 19, 1936 December 7, 1936	Partially met by appointments made to Women's and Youth Employment Committees.
IV. Homeless Adults		
For a Dominion/Provincial co-operative policy in connection with winter employment of homeless adults and for a Farm Improvement and Employment Plan to carry out that policy.	August 27, 1936	Approved September 9, 1936.
For supplementary plans to carry out the policy in certain Provinces:—		
Manitoba	October 20, 1936	Approved.
Alberta	November 5, 1936	Approved.
British Columbia	November 5, 1936	Approved.
Saskatchewan	December 4, 1936	Rejected.
New Brunswick	December 17, 1936	Approved.
Ontario	January 23, 1937	Rejected.
For a national parkway in the Gatineau	September 2, 1936	No action.
For an extension to April 30th of the Farm Improvement and Employment Plan.	February 10, 1937	Approved April 15, 1937.
V. Housing		
For a Dominion government housing policy, including a detailed Home Improvement Plan, and basic principles to govern a low rental housing plan.	September 2, 1936	Approved September 9, 1936.
For a detailed low rental housing plan	February 10, 1937	No action.
For draft legislation to embody the low rental housing plan.	March 25, 1937	
VI. Training and Re-conditioning		
For use of balances available under Technical Education Act for training girls in certain Western Provinces.	August 28, 1936	Approved August 29, 1936.

SUMMARY OF COMMISSION RECOMMENDATIONS—Continued
(Other than those in Connection with personnel)

Subject Matter	Recommended to Minister	Action taken
VI. Training and Re-conditioning —Continued		
For cooperative Dominion/Provincial action in youth re-training plans:— (a) National Volunteer Forestry Service. (b) Young men's urban training centres.	December 3, 1936.....	Commission advised January 18, 1937, that in accordance with reference in Speech from the Throne, authorization had been given to Minister to confer with Provinces, but without regard to any definite sum. Appropriation for partial fulfilment of plans later provided under Vote 308.
For financial provision during fiscal year beginning April 1, 1937, for a definite program to increase by reconditioning measures the "employability" of relief recipients of all ages; this in substitution of the present practice of indiscriminate Grants-in-Aid.	February 18, 1937 February 24, 1937	No action.
For a Dominion policy for apprenticeship and learnership including basic conditions to be embodied in plans therefor, and extent of suggested Dominion/Provincial participation therein.	February 23, 1937.....	No action.
For Dominion requirement that Provinces shape their suggestions for such Dominion/Provincial cooperative works projects as are developed for relief purposes along lines which would increase "employability" of relief recipients.	March 25, 1937.....	No action.
For training centres for urban, and extension courses for rural young women.	May 20, 1937.....	Partially met by provisions of Vote 308.
For the carrying out of training projects under Vote 308.	May 5, 1937 May 28, 1937 June 10, 1937 June 12, 1937	Embodied in agreements with Provinces.
VII. Public Works		
For a basis to govern the Commission's duties in relation to the public works program and to public works projects for the coming fiscal year.	December 4, 1936.....	Approved December 15, 1936 but not put into practical operation.
For an over-all contraction in the 1937-38 public works program.	January 8, 1937.....	Action taken to extent indicated by estimates for new fiscal year.
For further consideration of Commission's previous recommendations in view of developments; along with a clarification and amplification of those recommendations.	February 9, 1937 February 18, 1937	No action.
VIII. Agricultural Relief		
For Dominion/Provincial conferences with Provinces of Ontario and Quebec to develop the situation regarding so-called "farmers" on relief, including a detailed plan of action to be considered at such conferences.	December 8, 1936.....	Approved December 15, 1936. Conferences not yet held.

SUMMARY OF COMMISSION RECOMMENDATIONS—Concluded
(Other than those in Connection with personnel)

Subject Matter	Recommended to Minister	Action taken
IX. AUDIT OF RELIEF EXPENDITURES		
For a current audit in the field to replace the present post-audit at Ottawa.	January 15, 1937.....	Approved April 15, 1937.
X. ORGANIZATION AND COORDINATION OF AID		
For conditions to be attached to future Dominion Grants-in-Aid to the Provinces, including a complete plan for the better organization of Aid to which the Dominion contributes.	March 20, 1937}..... March 25, 1937}	Partially approved June 23, 1937; balance under consideration.

I ask the house to look at that summary. In the third column, under the heading, "Action taken," appear the words "Approved July 4, 1936." That was with reference to the registration. Opposite "Employment service" it says: "No action" "National Advisory Committee:" "Partially met." "Homeless Adults:" "Approved." "Housing:" "Approved," so far as the first part is concerned, and as to the second part: "No action." "Training and Reconditioning:" "Approved." Then follows a long list opposite which appear the words: "No action," "No action," "No action." "Training centres:" "Partially met." "For the carrying out of training projects:" "Embodied in agreements with provinces."

The thing that impresses me is that, after having paid $300,000 to secure advice from the best commission the Minister of Labour could get in this country, we find that the term which occurs most often in the third column is, "No action," or "Partially met." I want to suggest that if we are going to bury this commission, we might inscribe on its tombstone the words: "No action," partly as a memorial of its short life, and, second, as a monument to the masterly inaction that has come as a result of its work.

I ask the house to look at some of the things which it did do. Take No. 5 on the statement, "Housing." A great deal has been said in this house about the need of a housing program. But here again we find evidence of what has occurred throughout the government's attempt to meet the problem of unemployment, namely, meeting the shadow of the problem and avoiding the substance. We have a housing problem and we have a housing scheme, but how much has that scheme benefited the people of Canada? How much has it benefited the people who live in the province from which I come? I find that in Saskatchewan under the dominion housing scheme two houses have been built, at a total expenditure of $8,200. Is it any wonder that the unemployed in Saskatchewan feel that the dominion housing scheme is not an answer to their problem? Certainly two houses will not put many carpenters to work or very much money in the pockets of the merchants and the unemployed.

I turn to another scheme, and one which was a little more successful: The farm placement scheme. Under it there were 42,633 placements and cancellations of 4,752, leaving, I assume, a balance of 37,881. In Saskatchewan, which was the province which probably most needed it and certainly took the largest advantage of it, there have been 26,858 placements and 4,559 cancellations, leaving 22,299. It is amazing that almost twenty per cent of placements in Saskatchewan under that scheme later had their applications rejected.

Mr. GARDINER: What year was that?

Mr. DOUGLAS (Weyburn): This past year. I have before me the answers submitted by the department on that point, relative to the year ended March 14, 1938. When I came to Ottawa last January I was convinced that the whole 4,559 that had been rejected in Saskatchewan were in my constituency, so many people having come to me in connection with this matter; but I have since met

some hon. gentlemen opposite who seem to be equally convinced that the whole 4,559 were in their constituencies, because so many have been rejected throughout the province.

This was the position, particularly in communities in which there were large families. The father and mother, and one or two members of the family could carry on the farm operations quite easily. They said "Here is an opportunity to put some of our young people out to work"—young people who had been on the relief rolls for several years. They were placed, only to find later that their applications were rejected and they had to come back home. I do not wish to be derogatory of what the minister has tried to do. I appreciate very much the objective he had in mind in the formulation of this scheme. But I think that whoever in his department was responsible for the regulations should be presented with a wooden medal carved out of his own head, because some of these regulations are nothing but sheer nonsense.

I have examined the rejections—there is quite a large number of them—which have come to my hand, and they fall roughly into four classes: First of all, those who were rejected because they were not homeless; that is, their parents resided within a radius of twelve or fifteen miles. Of course that is absurd. These young people had to be placed where they could find some farmer who would take them. The fact that their parents lived twelve miles or a hundred and twelve miles away made little or no difference as to whether or not they were carrying on the work that was intended under the scheme. Others, strange to say, were rejected because they had never been employed and therefore could not be considered employable. We in Saskatchewan have had very severe conditions since 1931. Many of these people left school in that year and have been unemployed more or less ever since. How long does a young man or a young woman have to be unemployed before he or she is considered employable? If conditions like this continue, you will find young men beginning to grow a beard and yet able to say that they were never employed and are therefore unemployable.

Mr. ROGERS: How many fall into that category.

Mr. DOUGLAS (Weyburn): Of course I could not give the minister any statistical information, but I would say a large number who have come to my attention are in that classification. Others were rejected because, it was said, there was not enough work on the farm. I should like to see, and I am sure the Minister of Agriculture (Mr. Gardiner) would also like to see, a farm where there is not enough work for a hired man at a time when there is stock to look after, chores to do, machinery to get ready and, in cases where they have it, seed to clean during the winter. But these people were rejected because, it was said, there was not enough work to warrant the hiring of a man.

One other classification refers to relatives. I have mentioned to the minister during this session the case of a young man whose sister lost her husband and was left with a small family on the farm. This young man left his job and took over his sister's farm, managed it; but that year he had no crop; he made application to the Saskatchewan government, was accepted, and for two years was under the farm placement scheme, the authorities knowing perfectly well that he was a relative of the employer. Last year he was cut off. He has loyally stayed with his sister and helped her manage the farm and look after her small family, but is not paid, as are other boys in the community doing less work than he does. Mr. Molloy, who is administering the act in Saskatchewan, and Mr. Parker, the minister of municipal affairs, said that there were a number of such cases and that they had made strong representations to the Minister of Labour and the federal government asking them to change that regulation in the direction of making it more elastic, but they could get no response. I suggest that the men in the several provinces who are administering the act are in a much better position to set these regulations than is someone in Ottawa who is not actually in contact with the problem.

I come now to another matter which is dealt with under this bill, namely agricultural aid, or as the bill says, "alleviation of agricultural distress." Of course the tragedy is that after three years of a bill like this agricultural distress is still present in some parts of the west in an even more acute form than before. I left my constituency last Saturday after visiting farms on which there was not a single kernel of feed or seed; the farmers had lost half of the horses—and they were not old horses—which they sent to the Carberry pasture. One man who had weighed two horses which he sent to Manitoba found that they had each lost in the neighbourhood of five hundred pounds. Farmers with moisture conditions such as they have not had for years, and with a good price, are facing the spring almost destitute, with no feed for their horses with which to get their land into shape and, prior to last Saturday at any rate, no

seed at hand. One of the amusing things is the attitude of some of the men who are responsible for administering this system. I wrote to the manager of the grain and fodder branch of the Saskatchewan government, after having taken up the matter with the federal Minister of Agriculture, with reference particularly to chicken feed, and I received a letter in which this striking paragraph occurs:

> We are of the opinion that the majority of farmers should secure sufficient feed from the screenings of their seed grain to take care of their poultry feed requirements.

They are to take the screenings from their seed grain to feed their poultry; but if they have not any seed, what are they to do? One can take screenings from seed; but if there is no seed, where are the screenings to come from? That is the situation with regard to agricultural aid, a condition which is sad in the extreme. People are depending upon the government for seed which is not there, and when it gets there the benefit will not be what we have been led to believe, because we are told that repairs will have to be deducted and that the seed will have to be cleaned, this being another deduction of ten or fifteen per cent from the total amount. The result is that the farmers will face the summer with weakened horses, poor stock, and very little seed with which to seed their land.

I come now to the third plank in the Liberal policy with reference to unemployment, and that was the setting up of a national system of unemployment insurance. In this regard there is only one question that I would ask: Where is this promised system of unemployment insurance? This is the third session of parliament and we have not yet seen this national system of unemployment insurance. True, we shall be told that some of the provinces would not agree. But that was not what was said in 1933 in this house; that was not what was said in 1935 on the hustings. We were not told then that the provinces would have to agree. In fact, on the night of the election the present Prime Minister in his speech to the people of Canada over the radio said:

> The whole-hearted cooperation of the Liberal premiers and governments of eight of the nine provinces of Canada was an exceptionally significant feature of the campaign and one which may be expected to contribute in no uncertain way to the solution of many of our country's perplexing problems.

We were led to understand then that with Liberal governments in a majority of the provinces and with a Liberal government here at Ottawa, there would be no difficulty in giving the people of Canada what had been promised, namely, a national system of unemployment insurance. But where is that national system of unemployment insurance?

I have here a piece of campaign literature published by the Edmonton East federal Liberal association, entitled: "Let us get going again." There is a picture of the Liberal candidate. Beneath, it says: "Read the Liberal government's record of promises and fulfilment." On one side there appear the promises and on the other side is the fulfilment. I will not read them all; but this is No. 9, unemployment insurance. That is the promise. Here is the fulfilment:

> A national system of unemployment insurance has been introduced . . . but the Alberta Social Credit government has refused to cooperate.

A national system has been introduced! Where is it? Well, I have read through the order paper with a normal amount of intelligence, and I cannot find in it any bill providing for a national system of unemployment insurance; yet here are the people of Edmonton East being told in a by-election, in a pamphlet officially issued by the Liberal party, that the system has been introduced. We have heard a great deal this session about making politics clean, taking bribery out of it, and so on, but I want to know how you will take this kind of thing out. People were actually led to believe during the recent by-election that a national system of unemployment insurance had been introduced, when no such thing has been done at all. And judging by the indications, it does not look as if it is going to be introduced. Of course, the Minister of Agriculture, who commanded the government forces on the field of battle there, may be able to give some explanation; but certainly I cannot find any in the legislation which the government has submitted this session.

The fourth plank of the Liberal party's platform with regard to unemployment, and the one which the Minister of Labour emphasized the other day, was that as a permanent measure to solve the unemployment situation they were pinning their faith to the stimulation of internal and external trade. While there is a measure of truth in that, this is also true, that any country which to-day pins its faith to external trade as a means of solving the unemployment situation is leaning on an extremely fluctuating factor. You have only to look back over the export trade of Canada in the last six months to see how unstable a factor it is.

Mr. MARTIN: Surely it is a very necessary condition.

Mr. DOUGLAS (Weyburn): Yes, but the hon. member did not tell his constituents in 1935 that that was the only condition.

Mr. MARTIN: No one has suggested that in this house.

Mr. DOUGLAS (Weyburn): I have outlined four things and none of the first three have been fulfilled. The only promise that has been partly fulfilled is the last one, the expansion of external trade, and that is a fluctuating factor which has been decreasing in the last few months rather than increasing. But even an expansion of external trade will not meet the problem of technological displacement which is constantly going on in industry. I have in mind several men of my own acquaintance who used to earn on railway pumps between $125 and $150 a month. They had been working for from fifteen to twenty years for the railways, but the automatic pumps came in and they have been unemployed since 1931. They spent the best years of their life at that work. You cannot make them motor mechanics or radio builders or aviators.

Mr. WOOD: If a man has been working for twenty years, getting from $150 to $180 a month, has there not been some obligation on him to provide for a period such as this?

Mr. DOUGLAS (Weyburn): To begin with, I said $125 to $150. But is the hon. gentleman suggesting that any man who has been working for fifteen or twenty years for $125 a month could have saved money out of that to keep him the rest of his days and to take care of his family?

Mr. WOOD: Many have done it.

Mr. DOUGLAS (Weyburn): I am sure the hon. gentleman is not suggesting that his constituents should all try to do it. The fact is that in consequence of new machinery, men are being displaced to-day and labour is not sufficiently mobile to allow them to be transferred suddenly from the industry in which they were engaged to the production of the new machines that are displacing labour. You have therefore a class of labour that cannot be absorbed through the normal expansion of trade, and nothing to date has been suggested or done by this government to meet that situation.

The cry is constantly made that certain groups in this house criticize but offer no suggestion. Without going into the matter in detail, I want to remind the government that suggestions have come constantly from this corner for three consecutive sessions. For instance, we suggested a building program, a program for the removal of slums, not only urban but rural slums. I have had the privilege at different times of visiting most of the larger cities of the United Kingdom and the United States and some of the cities of Europe. I assisted at one time in drawing up a research survey regarding the lamentable housing conditions in one of the largest cities of the United States. But I have seen housing conditions in western Canada, let alone eastern Canada, that almost beggar description. We have in Saskatchewan the unenviable distinction of having the smallest number pro rata of houses with sanitary conveniences in all Canada. In northeastern Saskatchewan, in the town of Crooked River, where they have a huge lumber mill turning out millions of feet of lumber a year, within 300 yards of where the lumber is produced there are the worst shacks I have ever seen.

We have suggested not only the clearance of slums but the building of low rental homes. We have suggested the need for building schools and hospitals. One has only to see the country schools, with cracked plaster, insufficient warmth for cold days, broken seats, dilapidated floors, to realize that people could be put to work all across Canada in the erection, not of useless buildings, or buildings that are almost never used, such as some armouries, but schools, hospitals, libraries and decent homes. Roads need to be built. The other day I came across a statement in the Liberal paper in Regina, the Leader-Post. It is not often I agree with what it says, but I am in hearty agreement with this. It is headed:

A Tragedy

Can anyone doubt the point that it would be better to spend even more money and get something in return rather than spend what is being spent to-day without anything being done except to proclaim to the world that thousands of people are living on direct relief and must take their living without working? The millions of dollars that have been spent to keep people in idleness will remain one of the tragedies of the non-production period in western Canada. It is not too late to make a start.

I recommend that to the Minister of Labour. It is not too late even yet, half-way through the term of this parliament as we are, to make a start to put people to work, to pay them wages which will enable them to buy goods at the stores and send some orders to the warehouses and factories. We have suggested pensions to take care of the aged and those physically incapable of supporting themselves and their families.

Mr. WOOD: Would the hon. member recommend that the pensions be contributory?

Mr. DOUGLAS (Weyburn): We can discuss the details at some better time. My

friend knows I have only a few minutes left. I suggest that they be contributory where that is possible, but they cannot be contributory where people have been unemployed for seven or eight years.

We have suggested that money be paid to the farmers; that, instead of relief, a bonus be paid to a farmer to put his land into grass, or that $3 an acre be paid to farmers to strip-farm their land. During this summer, with a maximum of 250 acres set for seed, some of these farmers with one or two sections of land are going to have hundreds of acres standing idle. If that land is allowed to blow, we know what the result will be; if it is allowed to grow to weeds, the situation will be even worse. These farmers could be paid $3 an acre and supplied with feed for their horses to keep that land in condition, thus giving them purchasing power, instead of continuing to dole out relief. When I think of how some hon. gentlemen used to complain that unemployment insurance meant the dole, I wonder what they think now, when we are actually giving the dole and getting nothing for it except broken morale and a people with despair in their hearts. We in this corner have suggested putting both our agricultural and city unemployed to work on water conservation programs, the building of dams and dug-outs, projects on which the farmer and his son would be hired, and use their horses where they have horse power; in this way we would give them money which would come as wages, which would not be placed against their lands as a lien on the next crop. These are matters we have asked this parliament to consider.

Mr. EVANS: Has that not already been done in southern Saskatchewan?

Mr. DOUGLAS (Weyburn): Yes; it has been done in a way similar to the dominion housing scheme; two houses for Saskatchewan. The same thing has been done in reference to water conservation; it has been done on a penny-ante basis—

Mr. EVANS: Last year there were thousands of farmers hired.

Mr. DONNELLY: If your people are not taking it up, it is their own fault.

Mr. DOUGLAS (Weyburn): It is not being done in the hon. member's constituency. I just came through there.

Mr. DONNELLY: Yes, it is.

Mr. DOUGLAS (Weyburn): I hope the hon. member will be able to go back and tell that to his constituents.

We suggest one thing more: That is, that the minister should consider seriously the continuation of the farm placement scheme throughout the summer. Many of these men who are now being released at the end of April have no place to go.

Mr. ROGERS: In competition with ordinary farm labour?

Mr. DOUGLAS (Weyburn): They are not going to be hired; what are the farmers going to hire them with, in the drought area?

Mr. ROGERS: Twenty thousand stayed on last year, on a basis of being employed by farmers.

Mr. DOUGLAS (Weyburn): And in many cases were not paid, because the farmer could not pay them, having had no crop. Many stayed on with the promise of getting something if the farmer got something. I suggest to the minister that in view of the fact that there is a lot of work to be done on farms, keeping them in shape, trying to put them in grass, strip farming, if these men could be kept on the farms at least until we see what this year's harvest will be, they would be prevented from drifting to eastern Canada.

In closing, I say to the minister in all seriousness that I cannot feel satisfied that either this parliament or this government, if they are to be measured by the bill brought before us, are seriously grappling with this problem. Unless we do so, there will arise in Canada groups and parties advocating a much less desirable form of government. None of us want that; we want democracy; but we want a democracy which can change its methods to meet a changed situation, and has the courage to tackle a problem which is nationwide.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. C. B. HOWARD (Sherbrooke): Mr. Speaker, I want to make a few observations respecting Bill No. 105, a measure to assist in the alleviation of unemployment and agricultural distress, introduced by the Minister of Labour (Mr. Rogers). I trust it is wide enough to permit the government to do that which, in its own judgment, it believes should be done to handle the present situation.

From the experience I have had I am going to make some suggestions to-night which I would hope, if put into effect, so far as my own

section of the country is concerned, would be exceedingly beneficial and would prevent handouts and bonuses. From my acquaintance with the people of my constituency I know that they want work, not doles. The lumber business, with which I was connected for many years, coupled with the pulp and paper business, gives more employment than any other single industry in Canada. I believe, if there could be some stimulation given to lumbering, and at the same time if there were a possibility of accomplishing that which I shall suggest, we would go a great way towards relieving unemployment in my section of Canada.

For several years the Dominion Housing Act has been on the statute books of Canada and, so far as it has gone, has worked splendidly. But in order to avail oneself of the privileges extended under the housing act one must have twenty per cent of the amount to be borrowed; otherwise he cannot come under the act. In that way a great proportion of the population is eliminated. There is the further criticism that in many communities almost two years elapsed before the act became effective. That condition arose because the trust companies were not keen on availing themselves of the privileges of the legislation. They realized that when they accepted the government's proposal under the Dominion Housing Act, it would mean that their interest rates on other loans would have to be reduced. Even during the depression years between 1930 and 1935 those companies still thought that interest rates of seven per cent or six and a half per cent were not too high. Therefore some time elapsed before the act came into real operation.

Otherwise it has worked well, and is possibly doing what the government had in mind when the act was passed. Now, when a good loan comes along, the trust companies take it up entirely, and it does not come under the housing act. It would seem, therefore, that the measure has only had the effect of persuading the trust companies to make more loans for housing purposes.

The other measure passed by this government was the home improvement plan. Certainly the home improvement plan has given a considerable amount of work, has stimulated business in communities and, much more important, in some measure has encouraged the banks to make individual loans. Certainly that is beneficial to the community.

But a great part of the population did not derive the benefits of either of these pieces of legislation. If you can stimulate the lumber business; if you can create homes for working men, without cost to the Minister of Finance (Mr. Dunning) or to the country, and if you can make those loans self-liquidating, the government receiving interest on its money, you will have a worth-while project. I am suggesting to-night that, under Bill No. 105 now before the house, a workman's housing scheme should be inaugurated, the details of which I shall outline.

Much of what I shall say will be confined to observations respecting conditions in my home town. Between the years 1930 and 1937, a period when we experienced the greatest depression through which we have ever gone, besides paying its way the city of Sherbrooke reduced its capital debt by $654,700. Therefore that city is in a financial position which would make it possible to cooperate under the scheme I shall suggest. A further matter to which I direct the attention of the house is that in 1937, out of a population of 32,500 people, six thousand hands were employed in twenty-eight of Sherbrooke's industries. One company which in 1934 employed 438 hands now employs 1,200; another formerly employing 570 now employs 650; another formerly employing 370 now employs 725; another formerly employing 433 now employs 500, and another formerly employing 971 now employs 1,150. I give these figures, not to boast, but to prove that a great proportion of the people of Sherbrooke are in the category of working men.

I am suggesting that we inaugurate a workingmen's housing scheme, so that people such as I have mentioned, earning from $18 to $30 a week, can build homes of their own and be enabled over a number of years to become the proprietors of those homes. Someone may say that at those wages such a scheme is impossible. May I point out that a company with which I was connected before 1929 built fifty homes, without any cash payments, and sold them to fifty home owners. The records show the results of those loans. In passing, may I state that the scheme was carried out with money drawing seven per cent interest. The principal sums were paid in monthly payments extending over eighteen and a half years. There were only seven losses on the fifty homes, and some of those losses were only partial. I shall not take time to give the reasons for the losses, but I am satisfied that in a future scheme they could be eliminated.

First, we must agree on the principle that the working man with the desire to own his own home can pay for it only on the condition that the payment does not exceed one week's wages in each month. If a man is

drawing $18 a week during the year, he is able to pay up to $18 a month towards owning his own home. In other words, so long as the payments for home ownership do not exceed twenty-five per cent—they are better at twenty per cent—the scheme is perfectly feasible, without loss.

Mr. DUNNING: Is that inclusive of taxes?

Mr. HOWARD: Yes. I would fix a maximum value of $3,000. For $3,000 a frame structure, complete, with concrete foundation, can be built. In fact, including the lot, it can be done in Sherbrooke for as little as $2,300. In this connection I should like to place the exact figures on Hansard. Allow $2,300 for the house. Then, if you built a duplex on a $500 or $600 lot, it would mean you would allow $300 for the lot for each house, or a total of $2,600. I would propose that the federal government advance to the city of Sherbrooke the necessary money at three per cent. The city of Sherbrooke would guarantee the money; they would supervise the construction; they would handle the situation and charge the home owner three and a half per cent. In other words, the city would get one-half of one per cent on the money loaned for looking after things and standing one-third of any loss that might occur.

Mr. ST. PERE: What is the real estate tax?

Mr. HOWARD: Eighteen mills. Three and a half per cent of $2,600 is $91. A payment of $50 on the capital would bring this to $141. The tax at eighteen mills, eleven mills for municipal purposes and seven mills for schools, would be $36 on a $2,000 valuation. This would make a total payment of $177 for the first year, which would mean a monthly payment of $14.75 to cover interest, capital and taxes.

The mayor of the city suggested the other day that if a housing scheme could be put into effect to give employment to plumbers, roofers and carpenters, to take up the unemployment in Sherbrooke practically one hundred per cent, they would give a five year exemption from taxes on all workingmen's homes constructed under the scheme. I doubt whether they have the right to do that, but the chairman of the finance committee told me that in any case there would be a three year exemption from taxes. However, I would not consider this in the scheme. If the city was not to impose taxes for three or five years, I would suggest that the taxes be included in the monthly payments and a reserve fund created against future payments until such time as taxes were charged.

Without going into detail, if the house cost $2,500 and the lot $300, the monthly payment would amount to $15.33. On a $3,000 maximum cost house, the monthly payment would be $16. This would include interest on the money borrowed, taxes, supervision by the city and payments on the principal in order to make the loan self-liquidating.

Mr. ST. PERE: That is on houses of wooden construction.

Mr. HOWARD: Of wooden construction. This would stimulate the lumber industry and create employment in the woods and sawmills of the country. Employment would be given to tradesmen of all kinds in the cities, and the local store trade in nails, cement, roofing and commodities of that nature would be stimulated.

This scheme could be put through without costing the country a single cent. It would be a great improvement over handing out money to people who can find nothing else to do but stay at home. The people in my constituency do not want doles; all they want is a chance to work. I hope the government will put such a scheme into operation so that homes may be provided for our workingmen. I shall not go into the other side of the picture; but we all know what it would mean to Sherbrooke, to the townships and to all of Canada, when our working people have equities in their homes. After a man has made his payments for five years and his wife has fixed up the grounds by planting flowers and so on; after he becomes a proprietor instead of a rentee, the whole future is changed. You have a different condition existing when people have a stake in the country instead of being at the mercy of employers.

I have another more serious suggestion to make. In my opinion we should immediately take up the question of slum clearance. In all the cities of Canada—and Sherbrooke is no exception—we find fine paved streets and all the necessary accommodations for comfortable living. More and more as the years go by we find our cities cleaner and more beautiful. But in every one of these municipalities we find a certain proportion of homes, not only below standard but some not as good as the place where some people keep their horses. They are unfit for human habitation. We intend to spend money to create employment, so we should start immediately to do away with some of these unsatisfactory conditions in our cities.

These slum areas are not large. In the city of Sherbrooke there are possibly no more than one hundred homes unfit for

human habitation. Someone will say immediately, "Oh, well, you have a statute; you can condemn these homes." I would reply that if a family is renting such a place from the owner at a low rent and you condemn the property, you will have quite a proposition on your hands. What I would suggest is that the property be condemned as unfit for human habitation. Then the owner should be supplied with a plan of reconstruction and the place either burned down or torn down. Of course, before that is done the family would be taken out. Then a new home would be built according to government plan and, when completed, the previous tenants would be moved in. The owner would be subsidized to the extent of say fifty per cent of the difference between the municipal valuation and the cost of the new construction. Before the new house was commenced, a contract would be made with the owner to provide that the rent would not be increased for the same family for from two to five years.

There is another side to this situation. It so happens that in these one hundred homes there is a greater population of children per home than in any other section of Sherbrooke. If children are to be allowed to grow up under these conditions, our future generations will have to pay. If the situation is corrected immediately, we shall be creating a future asset. I do not advocate this because I want to spend money; I do it because I want every citizen to have a chance. I feel our workmen have a right to a chance to own their own homes. The farmer has the right to rebuild his home at decent rates of interest. We could stimulate employment throughout the length and breadth of this country and, I believe, eliminate the dole system one hundred per cent.

There is one other side to this slum clearance question. Some will say that this is paternalism, but I know whereof I speak when I say what I am going to say. In each of these communities there should be appointed, in addition to the health officer, a fully qualified woman to supervise these new homes and the families living therein. The homes should be inspected for cleanliness and a watch kept over the progress the family is making. This woman would be the contact point between the family and the community. If this were done, within a few years time we would see a difference in the younger generation in our country.

I have one thing more to say and then I have finished. In every one of our cities there is a shortage of playgrounds and parks. If there is one class of work which with others could be done under this legislation to advantage, it is the improvement of city parks, national parks, and the playgrounds of Canada. The longer the hours our people work who are employed in the cotton and silk industries, and the textile industries generally, as well as other classes of industries, and the more members of the family employed in them, the greater is the need for open spaces throughout the community for recreation. So, Mr. Speaker, I leave with you the consideration of these suggestions. One plan is one hundred per cent self-liquidating; the other will not cost this country very much money; it is in any case one which will provide work, instead of the dole, and it is a work that could well be done under this Bill No. 105 of the Minister of Labour.

Mr. NORMAN JAQUES (Wetaskiwin): Mr. Speaker, I have no desire to attempt to embarrass the government in any way or to hinder the progress of this bill. I realize that at the present time it is either this bill or nothing, but if I am in order I should like to make a few general remarks on the subject of unemployment.

Unemployment is a comparatively new thing in Canada, but it is an old story in Great Britain. It dates in its present form from the industrial revolution and the development of what is known as orthodox economics. It is not too much to say that the original orthodox economists regarded unemployment as not only inevitable but as a necessity because the industrial revolution was based on cheap production; cheap production means cheap wages, and the surest way to keep wages down is to take away all protection from the worker so that he must either work or starve. The economist Ricardo, in his Iron Law of Wages, said that the wages of the labourers must be such that one with the other they could reproduce their numbers without increase or decrease, and he thought the probability was that they would be less rather than more; but when their sufferings and privations had so reduced their numbers, then by that very decrease their wages would rise to the subsistence level. Not only was that doctrine accepted by the economists, but it was accepted by the church, by religion itself. Malthus wrote many books on the subject, and he was fully of the opinion, as were the majority of religious people of those days, that the only possible use for the labouring classes was labour, and that if they produced more children than there was a market for, the proper method of dealing with the problem was to starve them to death. That is literally true, and

any suggestions that those conditions could be improved for the victims of the system were met with ridicule or contempt.

A hundred years ago in Great Britain children six and seven years of age were worked fifteen hours a day, mainly to reduce the wages of their parents, and when people objected that it could not be right to work children in that manner they were told that Satan finds mischief for idle hands to do, very much as we hear to-day.

Roughly one hundred years ago the then government in Great Britain was faced with a very nice problem of deciding the standard of relief. If they put the standard of relief any lower than the standard of wages, then the recipients of relief would have starved to death. But if not lower, then the workers would say: Why should we work when those on relief are getting as much as we are. So the government of that day set their economists to work to find ways and means of administering relief in the most objectionable and degrading way. Any amelioration of the condition of the poor of Great Britain was due, not to the economists or to the church, but to the efforts of a few men who refused to believe that any such practice was necessary to keep any system going, and that if it was necessary, then the system itself should be done away with.

I have heard many members say that what the people want is work. I should like to say that from my observations in the country, what the people want is security, and that is not quite the same as work. What they want is worth-while work and worth-while wages, and not work for work's sake.

I am perfectly in agreement with any scheme of house-building. In fact, there is no reason in the world, since we have the labour, the materials, the machinery and the knowledge, why we could not rebuild Canada from one end to the other. There is no real reason why we could not do it, although I know that according to the canons of sound finance it cannot be done because we cannot find the money. I think the experience of Great Britain over the last one hundred and fifty years is proof enough that there is no solution for the problem of unemployment under orthodox economics and sound money. In fact, the one is the outcome of the other. There are palliatives such as the dole, and so on, but there is no cure for unemployment under the existing system.

There are a great many contradictions which I have heard mentioned in this house and which, of course, one finds in all books dealing with orthodox economics. Let me emphasize that the object of industry is not work and wages; its only objects are goods and services. Anybody who ever had a job of production to do knows that he must produce the greatest possible amount of goods with the least possible amount of labour. Under the competitive system, if one is to survive it is necessary to cut labour costs. When we do that we reduce purchasing power, so that those who produce the goods are unable to consume them; hence the drive for foreign trade and foreign markets. That is one contradiction.

Then I find contempt extending even to recipients of old age pensions. I cannot see why it is that a man who has worked faithfully and steadily for a lifetime should be regarded, when he becomes too old to work, as an object of charity. On the other hand, people who have never done a useful day's work in their lives, and never intend to, but happen to be the fortunate recipients of private money, are regarded with every mark of respect. At the same time any suggestion to distribute purchasing power to the people in general seems to be regarded as a threat to the morals of the country; it is said that we want to demoralize the people. Yet the object of any person who provides his family with insurance is that his family, so far as he can make it possible, shall be granted economic security, so that they cannot be put to work but they can put themselves to work, which is a very different thing.

I might mention the quintuplets, who are regarded as the most valuable children in Ontario and perhaps in Canada, and are the objects of the provincial government's greatest and most careful regard. Everything has been done to safeguard the welfare of those famous children. Already, at their tender age, they have been provided, I understand, with a fund of $100,000 apiece. If that is good for the "quints", because $100,000 means economic freedom; if that is the best and the finest thing which the government can do for those five children, why is it the finest thing for poor children that they shall be destitute and forced to work under any conditions?

I have spoken of work for work's sake. Last summer there was a road rebuilt in Alberta from Edmonton south. In order to employ as many people as possible they scrapped a lot of machinery and put numbers of men to work with picks and shovels. They made a splendid road; but when the taxpayers saw the bill there was such a fuss made that the government was forced to appoint a royal commission to inquire into the cost

of construction, because, instead of using machinery—and that is what machinery is for—they put as many men to work as possible.

We are very fond of praising thrift. Thrift is regarded as one of the greatest of virtues. People are told to save; that is, to consume less; at the same time they are told to work harder, which, of course, means to produce more. How can the same lot of people continue to produce more and to consume less?

Finally, while the government and other agencies are putting men to work, science is putting them out of work as fast as it can. The whole thing is a contradiction.

In 1931, during the time that Ramsay MacDonald was Prime Minister of Great Britain, that country was threatened with being driven off gold. In order to preserve the gold standard, Mr. MacDonald and his government approached the bankers of Paris and London for the purpose of borrowing gold. One of the main conditions of the loan was that the social services of Great Britain should be reduced, the dole be cut and the administration of it made as nauseous as possible. All social services were diminished. What was the consequence? For one thing, a mutiny of the fleet occurred, and there was such an outcry that the government was forced from office and the country driven off gold. And when the gold standard was done away with, better times and more employment followed immediately.

As I said before, what the people want is security; and as they are British people, with that security they desire freedom. But if they are driven far enough they will forego even their freedom in order to get security. That has happened in Germany and Italy, and it will happen here if we continue the way we are going.

As I see the matter, there are only two solutions. The one is enforced labour—put the people to work. That means fascism; it provides security, but also it involves loss of liberty. The other is, so to alter and adapt our financial system that anything physically possible and desirable becomes financially possible, to the end that the people of this country can consume to the limits of their desires or of their powers to produce. In that way the people will not only gain security but will retain their liberty.

Mr. VITAL MALLETTE (Jacques-Cartier): If this hon. house will bear with me for a few moments, I shall endeavour to submit a few observations on one of the suggested cures for unemployment. It is difficult, of course, to find an absolute corrective to do away with this scourge in just a single operation. It would be so nice to launch an attack on the entire front and keep it up until the enemy had been driven out of the country. But it is evident that only the combination of the best means, where each can achieve the best results, will bring about the desired success.

It is not necessary to point out to hon. members that one of the worst causes of the depression is due to the desertion of the land. Steps must be taken first to stop this desertion and then to go on with colonization.

The national employment commission gives, on page 8 and following of its report, a list of practical measures to increase employment, and in that list, at page 12, it recommends rehabilitation through land settlement. In my opinion we have there a proposal that deserves the best consideration of the house and of the country, a proposal that should be thoroughly explored because it harbours great possibilities of permanent relief for a considerable number of people. No one will object to my statement that Canada was a good deal more prosperous when there was a better balance between the proportions of urban and rural population. Let us see just what has been the trend of population in Canada. I have here figures taken from the Canada Year Book, French edition, for 1937, the figures covering the last five census periods. In 1891, the total rural population was 3,296,141 and the urban population only 1,537,098, or about half. In 1901, the rural population had increased to 3,357,000 and the urban population had gone up to 2,000,000 in round figures. In 1911, there was a further increase in rural population but not quite so large as in the urban population, because the figures for 1911 show that the rural population in that year was nearly 4,000,000, or, to be exact, 3,933,696, whereas the urban population had gone up to 3,272,947. In 1921, conditions were still more serious because the rural population had risen to 4,435,000 and the urban population was 4,352,000. In other words, they were just about equal. The last census in 1931 showed that the rural population was 4,800,000, while the cities had risen to 5,572,000.

If hon. members will look at the increase by provinces they will find the same thing proportionately. For the information of members from the province of Quebec I shall give the figures for our province. They show that in 1891 the rural population was about twice that of the cities, whereas in 1931 the rural population was 1,060,000 in round figures

and the urban population was 1,813,000. With the permission of the house I shall put these figures on Hansard in tabulated form:

Population of Canada

Year	Rural	Urban
1891	3,296,141	1,537,098
1901	3,357,093	2,014,222
1911	3,933,696	3,272,947
1921	4,435,827	4,352,122
1931	4,804,728	5,572,058

Population of Quebec Province

Year	Rural	Urban
1891	988,820	499,715
1901	994,833	654,065
1911	1,038,934	966,842
1921	1,038,096	1,322,569
1931	1,060,649	1,813,606

These figures reveal an evil situation. They are appalling and should impress everyone with the absolute necessity of stopping the desertion of the soil. In my humble opinion there should be no delay in arranging a plan of colonization more vigorous than heretofore. I do not think much can be expected in getting settlers from the cities. It is difficult to convince men and women who go to the cities from the rural districts of the advisability of returning to the land. My suggestion is that farmers' sons should be encouraged to take up land for themselves, because they would be better qualified than any other portion of the population. They have the necessary training and would succeed more easily than people sent to the rural districts from the cities, sometimes at great expense. It so happens also that in the farming districts a large number of farmers have large families, and of course one farm can be passed on only to one son. If the farmer has four or five other sons, they too should be helped to get farms; otherwise they drift to the cities and increase unemployment. They should be given every chance, and no doubt the national employment commission had that in mind, because on page 13 they make the following suggestion:

> Assistance to be given in three ways, namely in the form of:—
>
> (a) Roads, bridges, schools, guidance and advice in their work, to be a free gift to the communities of settlers and not repayable.
>
> (b) Bonuses for clearing land, and bringing it under cultivation, not to be repayable but to vary inversely with the value of the timber removed.

I submit that this matter should be gone into thoroughly and some arrangement made with the provincial governments to carry out a plan of this sort, because I am sure that in the extension of such a program we shall find a safe way of providing permanent relief for a considerable number of people.

Mr. ANGUS MacINNIS (Vancouver East): I wonder if the hon. member for Sherbrooke (Mr. Howard) would mind if, before I begin my remarks in connection with this bill, I were to congratulate him upon the excellent and constructive speech he delivered earlier this evening. I hope the government will take note of it, because there are many suggestions in it that are worth while, suggestions that would help, not only to overcome unemployment, but also, as he has pointed out, to make this world a better place to live in.

The Minister of Labour (Mr. Rogers), when moving the second reading of the bill, said that it was similar to the one passed last year. That, in my opinion, is one of the most serious objections to the bill. I have been in this house since 1930, and we have had a bill similar to this one in every session beginning with 1931. This is the eighth bill that has been introduced here to do what this bill is supposed to do—to deal with unemployment relief in its various aspects. I admit that in the earlier days of the depression there was some reason for the belief that unemployment as we then had it and as it now exists was really a temporary matter, and that the bills introduced for the first few years were to meet a temporary emergency. There was some valid reason for that, although I believe a close analysis would indicate that it was only what we could expect. But I submit that after eight years of such conditions as we have had, we ought to have something of a more permanent nature to deal with unemployment and the effects of unemployment than has as yet been placed before us. And particularly have we a right to expect something more from this government. I have, as I said, been in this house since 1930, and I remember very well that the matter for which the former government was criticized the most was the temporary nature of their measures for dealing with unemployment. To-day there is no valid reason for considering the situation brought about by the depression of 1929 as something requiring only temporary remedies. As long as our present system continues, there is every reason to consider the depression as a permanent condition.

I have been surprised, as I am sure other hon. members have, at the poverty of legislation on the order paper during this session, when so many pressing problems are facing the country. I am sure that the people throughout the dominion are becoming alarmed at the lack of any measure for dealing with their problems. A few days after I arrived in Ottawa to attend the session a newspaperman came into my office and asked about the news from the west. In the course

of our conversation he made this statement, the truth of which has become more and more apparent to me as the session continues. He said, "You cannot get news or anything that makes copy these days in Ottawa. When Bennett was in office he was always doing something; you might not like what he was doing but he was doing something. This government does not do anything but sit and think. Come to think of it," he said, "they do not even think; they just sit." As I have sat here day after day since the beginning of the session and watched the order paper and its poverty of constructive legislation, I am more and more convinced of the truth of what my newspaper friend said. The government act as if nothing of a serious nature confronted us. They seem to have a sort of childlike faith that things will right themselves, if they only wait long enough; that trade conditions will improve. That is the most childish idea of all. It indicates that they believe trade is the cause of economic activity. Trade is not the cause; it is the effect of economic activity. This government, as I have pointed out on one or two occasions during the past couple of years, were fortunate in coming into office at a time when trade all over the world was increasing, and they were not slow to take credit to themselves for that increase. But to-day trade is declining. During the last six months there has been a significant decline in the trade of Canada, especially our export trade. Does the government accept responsibility for the decline? There came to me from the bureau of statistics recently a compilation of figures showing the trade of Canada by months for the last fiscal year ended March 31. I noticed in that return that there has been a substantial decline in our export trade for six consecutive months from October, 1937. In that period the aggregate decline as compared with the same six months of last year was over $82,000,000. That means an average decline of over $13,000,000 each month for the last six months.

Mr. McNEVIN: Does the hon. member think the drought had anything to do with that?

Mr. MacINNIS: I have no doubt it had something to do with it. But if we should happen to have a bumper crop in western Canada this year and they also have bumper crops in other parts of the world, prices will be so low that there will be a further decrease in our trade figures. That would not be due to the drought, it would be due to too much production. So it does not do to put too many of our burdens on the Lord, because He is not altogether responsible.

[Mr. MacInnis.]

The total decline in trade has been substantial, and there is no assurance whatever that that decline will not continue. To support that contention I will quote briefly from the monthly letter of the Canadian Bank of Commerce for April, 1938. Reviewing general conditions in Canada, the letter says on page 3:

> Indeed, the seasonal gains have this year been so small and confined to such a narrow field that business activity as a whole is now about fifteen per cent below that of the early spring of 1937. A lesser rate of decline would of course be evident were it not for the new fears and uncertainties arising from the European political situation which have spread to this country, as they have to every other part of the world . . .
>
> It has now become clearly apparent that the hopes of maintaining business activity at its present level are pinned on domestic agricultural conditions, especially those in the western grain belt, for it is unlikely that any other important stimuli can be felt before the late summer or early autumn.

As I said before, even if conditions are good in the western grain fields this autumn, we can expect no improvement unless conditions are bad in the grain fields in some other parts of the world.

I would have waited until this bill had gone into committee before making any extended remarks on it, were it not for the fact that the situation in my own city is causing the authorities there grave concern. They have made their difficulties known to the federal government and also to the provincial government. They are greatly alarmed as to what may happen in Vancouver, because of the number of single men without employment now congregated in that city. The unemployment figures for March 1 of this year in Vancouver show that there were 6,878 cases on relief. That is about a thousand less than there were last year. These are heads of families, single unemployed men and unemployed women who are on relief, and the dependants of families are not included. When the dependants are included, the number on relief amounts to 21,094. This, again, is lower than it was a year ago. But a year ago we were beginning a very rapid economic improvement, and this year the tendencies are all the other way.

To-day there are in Vancouver about 5,000 single unemployed men who were working on forestry projects during the winter months. I am told these men will have a small amount of back pay to keep them going for a week or two. But about the first or second week of May that back pay will be used up, and so far no provision has been made for these men. The city feels that it is not in a

financial position to carry them. Unless something is done quickly, trouble will ensue.

I have before me a copy of a letter I received from the acting mayor. In it is quoted a telegram sent to the Minister of Labour (Mr. Rogers). A telegram was forwarded to me about the same time, but when I asked a question of the minister in the house I was not given an opportunity to read that telegram. Writing to me on March 24 in connection with the telegram to the Minister of Labour, the acting mayor said:

On the 23rd instant, after a long discussion by the council on relief matters, the following telegram was dispatched to the Hon. Mr. Norman Rogers, Minister of Labour:

"The relief problem as submitted to the Vancouver city council by the provincial government (particularly with respect to the single unemployed), is beyond our financial power to carry out, and your government's help is urgently needed, if serious trouble is to be avoided."

Amplifying the telegram the acting mayor goes on to say:

The resolution which authorized it directed that letters be sent by air mail to the Vancouver members at Ottawa apprising them of the desperate situation which has made necessary the sending of the above telegram. The seasonal relief problem confronting Vancouver, which during the last several years has been serious due to the large number of transient single men, has been aggravated to unprecedented proportions this year by the enforcement of the terms of the new federal-provincial relief agreement. The effect of this agreement is that the provincial government, facing reduced grants in aid from federal sources, has passed participation in the financial responsibility in several new categories to the city of Vancouver. The extent of this financial burden has not yet been determined, but it has been estimated to range from between $25,000 to $30,000 a month. For several years the city, as you are aware, has been pressed to the extreme to meet its proportion of the relief load which has been carried, and now comes the addition of the categories mentioned above. . . .

Two courses of action are open to the city. That is, the further reduction of necessary public services already seriously curtailed, or the refusal to grant assistance in any form to large numbers of destitute persons which will, of course, lead to serious disorders with accompanying loss of property and possibly life. Might I reiterate to you that we are not overemphasizing the extreme seriousness of the problem as faced by the city to-day, and its utter financial inability to meet it from its own resources.

This is a situation which has periodically faced Vancouver during the last five or six years. In 1933, 1934 and 1935 men were taken to the camps, and then would either be released from them or simply leave them and come to the city. While in theory the camps have been abolished and the men put to work on other projects, when those projects are completed or closed down temporarily the men come back to the city, and the problem is renewed.

Now the city fears that the care of these men will become a permanent charge, and one which it is absolutely unable to carry. On March 8 of this year the union of British Columbia municipalities laid their case before the provincial cabinet, and I should like to read briefly from their presentation. They said:

When the provincial government passed to the local areas, through the medium of the municipal act, the burden of caring for their destitute and indigent it was transferring a duty imposed upon it by the federal government, through the British North America Act. In pre-depression days this burden was only nominal but, as a result of the eight-year period of relief, the entire problem has been changed. Contributing factors are:

I should like the Minister of Labour and other members of the government to take notice of the contributing factors in British Columbia:

(1) The influx into British Columbia municipalities of large numbers of transient families and individuals, whose previous domicile was outside of the province. Many of these whose almost entire residence in British Columbia has been established while in receipt of public assistance, are now municipal responsibilities, under the Residence and Responsibility Act.

Particularly in the case of single men, during the period of federal administration of relief camps, assistance was granted without reference to residence. British Columbia, with its more attractive climate, drew large numbers of handicapped or near unemployable types who, being unfit for camp, were maintained in municipal areas, and who will now be left in the wake of unemployment relief, as a municipal heritage.

The brief of the union of municipalities goes on to deal with other matters, but I shall take time to quote only one further paragraph:

Many of these persons who are now termed unemployable are casualties of an economic war which has taken a toll as definite as any military campaign, and their care is equally a national problem as the maintenance of "burnt-out" veterans of the great war.

That is something we must keep in mind in dealing with the question of unemployment and unemployment relief. When we speak about unemployables we must realize that the greater percentage would not be unemployable in times when industry was functioning normally. If a person is not in good condition, both mentally and physically, four years of enforced unemployment will make him in almost every case unemployable.

In dealing with this matter I suggest that the government keep this in mind and try not to put these men in the same position as that in which indigent persons would be put in normal times.

During his speech yesterday, the hon. member for Kootenay East (Mr. Stevens) referred to the fact that no leadership had been given in parliament, or for that matter outside parliament, in connection with the problems with which we are confronted to-day. The hon. member was criticized to-day for the statements he had made and I do not intend to add anything to that criticism. However, I should like to point out that if we are to provide leadership that will bring about any constructive action, first of all we must be agreed as to what is the cause of our difficulty. We may be lost, but if we cannot agree upon the path that is to lead us out of our difficulty, there is no hope of our getting out. There can be no effective leadership in this parliament as long as the government with their overwhelming majority will not be convinced that something must be done. As long as they believe that a policy of laissez faire will get us out of our difficulties there will be no use in trying to provide leadership. The hon. member for Kootenay East went on to refer to the cause of our present day difficulty in these words:

I need take only one illustration;—

He was referring to the change that had taken place during the last few years of our economic life.

. . . it is commonly known, yet nothing is done. In the last few years machinery has displaced literally tens of thousands of workers. That is a platitude; no one should be entitled to any credit for having said it, but the fact remains that neither the leaders of industry, the leaders of parliament nor the leaders of finance are paying much attention to those hordes of people thrown out of work; nor are they attempting to solve the problem of distribution or the social problem that arises therefrom. We know the situation but we are doing next to nothing to face the fact.

I quote from page 2318 of Hansard. That point has been brought to the attention of this house, not only by the members of the group to which I belong, who have continually harped upon it in the last eight years, but by members on all sides. Economic literature everywhere is full of it. However, we act as though we were living under normal conditions. As the hon. member for Kootenay East said yesterday, never again can we hope to go back to the conditions that existed prior to 1929. It would be just as easy to go back to those times as it would be for a chick to go back into the shell, once it is out. The hon. member said also that an economic revolution had taken place.

Referring again to the monthly letter of the Canadian Bank of Commerce, I note they point out that the improvement in employment during the last few years has not kept pace with the increase in the population. While there has been a twenty per cent increase in the population, I believe from 1928 to the end of 1937, the increase in employment was only seven per cent. If there had been no depression at all, we would still have thirteen per cent more unemployed than we had in 1928.

Mr. HARTIGAN: That would make it look rather bad for the type of immigrant who was coming into the country.

Mr. MacINNIS: Yes; I would say it would look exceedingly bad for immigrants coming into the country, if any were foolish enough to come. There are not many coming in at the present time.

Mr. HARTIGAN: The hon. member said there was an increase as compared with 1928.

Mr. MacINNIS: In the working population.

Mr. ROGERS: Is my hon. friend referring to adult population? Otherwise his figures would not be comparable.

Mr. MacINNIS: I shall quote from my authority, as follows:

Since 1923 the number of potential workers has increased. In addition there are those who, owing to years of enforced idleness or other causes, are no longer classed as wage earners. As compared with 1933, the rate of increase in employment has been more than double that of available labour, but we are still far from the favourable situation in 1928 (when, according to the calculations of the bureau, there were 60,000 unemployed, the post-war low record) for the labour population has increased since by about twenty per cent, while the rise in the number of employed has been less than seven per cent.

Mr. ROGERS: The labour population.

Mr. MacINNIS: The labour population. I think I have made that point quite clear. I am sure that the Minister of Labour, for whose intelligence I have a great respect, is well aware of the tremendous changes that have taken place in the mechanism of industry during the last twenty years. No one can be unaware of those changes who has paid any attention at all to what has been going on around us.

During the Easter holidays I paid a brief visit to the United States, to the New England states, and browsing through an old book store in Boston I came across a diary of the date

of 1837. Boston to-day is a city of about 800,000, but there are large manufacturing and residential sections surrounding it bringing the total population up to about two million. The population of Boston in 1837, as given by this diary, was 45,000. If we want to get an idea of what has happened during the last one hundred years and a clear picture of what is wrong to-day, we should realize that the population of the United States in the last one hundred years has increased from a comparatively few million to about 130,000,000 to-day. And not only has that happened, but a whole continent has been transformed from primeval forest and virgin prairie into cities with their teeming millions, belts of steel, railroads amounting to 142,000 miles, and roads of concrete—a vast network all over the country. The same thing has been taking place on a lesser scale in the Dominion of Canada; but does anyone believe that during the next one hundred years we can build on this continent cities like New York, Chicago, Philadelphia or the other huge cities they have in the United States? We cannot, and because we cannot there is no possibility of our resuming or going through a period of economic activity such as this country has gone through in past years.

Mr. HARTIGAN: Is my hon. friend not aware that at the present time in the larger cities surrounding Boston there is desperate poverty and people are pauperized owing to conditions in the cotton industry?

Mr. MacINNIS: I agree. We are all pauperized except the few who own everything, and they do not know what to do with it. I saw just as much poverty, perhaps more poverty, there than I have seen here, and I also saw more wealth there. Wherever you have great wealth you have great poverty.

Mr. REID: Is it not possible that a country like China with its hundreds and hundreds of millions of poor people may wake up and require for the next fifty or one hundred years the things that we have in our western civilization, and so bring about the situation which my hon. friend says will not arise?

Mr. MacINNIS: My hon. friend's question is this: Is it not possible that a country like China with its teeming millions of poor, lacking many things which we have in our western civilization, may one day wake up and demand a higher standard of living and industrialize their country? That is quite possible; but let me remind my hon. friend that with world machinery in the state it is in at the present time, the building up and industrializing of China would take only a comparatively few years, and what would happen then? We would then have an industrialized China with its teeming millions competing with the rest of the world. So there is no escape in that direction. Let us not fool ourselves that we are going to better our present position by building up competitors to compete for the dwindling world markets which we are trying to get. That is the folly of the point of view of my hon. friend.

An hon. MEMBER: That is a good Tory speech.

Mr. MacINNIS: No Tory could ever possibly think of it.

I was in the relief administrator's office a few days ago, and I saw there an illuminating chart of the trend of unemployment since 1931 or 1932; I am not quite sure of the year. I would suggest that hon. members who are interested in the problem should call on the commissioner of unemployment relief and see this chart. It is ten or twelve feet long, and the lines are so striking that one cannot fail to see them. One line shows unemployment, the drought areas included. The other shows unemployment outside the drought areas. The peak was reached in April, 1933. Then there was a slow zigzag until at the beginning of 1937 the line came down, making almost a complete diagonal; but then, beginning this fall, the line starts to go up again. I have forgotten the exact figures; but the line came down to indicate approximately 500,000 people receiving relief, and now it has gone up again in the last six months until the figure of those receiving relief has reached the million mark, and the two lines make a complete "V." So long as that condition remains; so long as we are subject to these sharp fluctuations in employment, we cannot pretend that we have dealt satisfactorily or comprehensively or definitely with the question of unemployment.

Mr. SPEAKER: I regret to interrupt the hon. member, but he has exhausted his time.

Mr. MacINNIS: The hon. member for Parkdale (Mr. Spence) says that I have not yet taken forty minutes, but I shall take your word for it, Mr. Speaker.

Mr. J.-A. BONNIER (St. Henry) (Translation): Mr. Speaker, I wish to say that I do not share the views of the hon. member for Sherbrooke (Mr. Howard) on the subject of housing loans. It has always been my contention that such loans are prejudicial to the interests of

present owners of houses. In the city of Montreal, there are a great number of dwellings that have been built especially for renting purposes. We had numerous owners of three or four dwellings. Not a few of them have lost their houses and those who still hold theirs find it hard to meet their obligations, which bear interest at eight, seven or at least six per cent, while the government would loan money at only four per cent. Therefore such a scheme would create competition for the existing property owners, who have laboured hard to keep their houses and would have to continue paying interest at seven per cent, while the new ones would pay only three or four per cent.

I think there would be a more logical method of doing away with direct relief. Particularly in Montreal, a great amount of work could be undertaken in the interest of the entire country. The hon. member for Mount Royal (Mr. Walsh) appeared to be opposed, earlier in the session, to the completion of the railway terminals. I think he is wrong on that point, because such terminals should be completed without delay.

I do not think there is in all Canada such a decrepit railway station as the one we have in Montreal, the metropolis of the Dominion. In all smaller cities you will find a neat-looking station adapted to the needs of the place. Montreal is the only city to have such a terminal as Bonaventure station, built over a hundred years ago.

The hon. member for Mount Royal said the other day that the proposed completion of the terminals was an election promise. I shall tell him in reply, Mr. Speaker, that this work was undertaken many years ago, at a time when there could not possibly have been any thought of a by-election in the electoral division of St. Henry.

As to the long-projected tunnel, I think it is in 1906 that Mr. F. D. Monk mentioned the need of a tunnel at that place, and it is in 1929, if I am not mistaken, that by order in council a certain sum was made available for its construction. Therefore, it is not a new project, it is not an election promise, but a promise made as a result of reports submitted more than fifteen years ago which established the absolute necessity of such an undertaking. In Mr. Monk's time, about 15,000 persons lived beyond the canal, instead of 35,000 to-day, not including the 25,000 residents of Verdun, about one-third of the population of that city, who are obliged to cross the bridge. Is it not the government's duty to build this tunnel which the people of the neighbourhood have so long needed? Of all the bridges crossing the Lachine canal, none is more inconvenient than the one situated in my constituency. Boats drift down the stream for about three-quarters of a mile before arriving at the bridge, the current not being swift at that point because of the locks situated 300 feet from the bridge. The ships advance very slowly to enter the locks. Quite frequently there will be another boat coming out of the locks at low speed, and people have to wait at each end of the bridge. After a fairly long wait the other day I decided to pass to the left and count the vehicles waiting to cross. There were 128 vehicles and three street cars stopped at one end of the bridge.

Does that not prove that it would be possible to undertake a great amount of necessary work in Montreal, in order to do away with the famous direct relief which was initiated by the former government, but which should never have been? Would it not be possible to give employment to those who need it? Why kill their liking for work by giving them unemployment relief? If we are to maintain the present system, it will soon be impossible to find apprentices, workers, bricklayers or carpenters to undertake necessary work in future years. To my mind, such essential projects as the completion of the Montreal terminals, the taking away of railway tracks which block the traffic and the canal in St. Henry, the building of a tunnel to enable people in that district to travel to their work with more ease, should be completed without delay in order to alleviate the burden of unemployment relief, and without creating competition for certain classes of our population.

Mr. J. H. BLACKMORE (Lethbridge): I hesitate to participate in this debate because, after all, it seems to me a shame to find fault with what is being so honestly attempted. Yet one cannot speak on this occasion without finding a certain amount of fault, and that is a habit quite contrary to my nature. Perhaps if I put the matter clearly, it will not be so objectionable.

In the first place, in my judgment this bill is a complete disappointment; it is a failure; it offers the people of Canada a stone when they ought to have bread, and I see very little excuse for it. This country is perhaps better off, better fitted for progressive action, than any other country on the face of the earth. There is no excuse for such a lagging policy with respect to our

economic life as we are now debating; and I maintain that our policy is lagging; it is second rate or third rate or fourth rate or worse. This may sound rather harsh, but I believe that under the circumstances it is certainly not too harsh.

One thing which worries me, which I have mentioned once or twice in this house, is that we have become completely deceived. I came into the building this morning with a gentleman who fell into step with me and who told me that he comes from the maritime provinces. Before we parted we developed a certain measure of heat between us because he maintained stoutly that there were plenty of jobs in this country if people were ready to take them. Now, whenever a man says a thing like that in my presence, after what I know and what I think any one with sense in his head ought to know, it is beyond my power to comprehend his state of mind. I challenged him to find jobs and he said, "They are here," and with a toss of his head he went on. What passed through my mind was the supercilious, the deliberately indifferent, callous attitude which the people are reported to have taken before the French revolution, and as a result of which they ignored apparently the most obvious signs that anybody ought to have been able to see. I fear there is too great a tendency towards that very thing in our public life throughout Canada, and every bit of contact I have with it makes me anxious. I beg the minister's pardon then for making an observation which might be somewhat distasteful. I was a little displeased when he stood up, with all the intelligence which I know he has, and in all apparent sincerity endeavoured to make it appear as though the Liberal party's policy had been responsible for the recovery in Canada. I am reminded of an account which I read not very long ago of the election of 1896. The background of that election, or the economic situation attendant upon it, was something like this. For a generation or two prior to 1898 there had been a great scarcity of money in the world, and because the people had the gold mentality they thought that if they did not have gold it did not make a particle of difference how many goods and services they had; they simply had to go hungry because they had no gold. In 1896 a Liberal government was elected on this side of the line, and a Republican government with exactly opposite principles was elected on the other side.

Mr. GRAY: And a great period of prosperity succeeded 1896.

Mr. BLACKMORE: In 1896 the Liberals are reported to have used as one of their battle-cries, perhaps not the all important one, but one of their battle-cries, "Kill the tariff and trample upon its carcass." The Republicans used just the opposite battle-cry. They put their policies into operation as far as they felt they could, I suppose, and then in 1898 there was a discovery of gold in the Klondike. As a result of that discovery and of similar discoveries in other parts of the world, there was a great influx into the world's stream of gold, consequently a great increase in the world's money and consequently a rise in prices. And, would you believe it, sir, both the Liberal administration on this side of the line and the Conservative administration on the other side of the line claimed credit for the pick-up in business.

That sort of thing I look upon as a real danger. If I have not said often enough to satisfy my hon. friends that I have no desire to be political, I hope I shall impress them by saying it once more. Whether or not the Liberal party or the Conservative party succeeds makes not the slightest difference to me; what I am concerned about is Canada. Therefore, an attempt to give a twist to improvement in world conditions; to put upon it an interpretation that is not justifiable, is, I believe, exceedingly offensive to all of us because it helps us to blind ourselves to the truth.

I am going to read a quotation from a very respectable authority.

Mr. McNEVIN: Does the hon. member not think that along the line of his argument the premier of Alberta is trying to capitalize on the oil industry.

Mr. BLACKMORE: The question is far removed from the subject under discussion.

Mr. McNEVIN: The hon. gentleman was talking about the Liberal government of Canada taking credit for the results of the gold mining boom of 1896.

Mr. BLACKMORE: I wish to give a quotation from World Finance 1935-1937 by Paul Einzig, who is an economist of recognized standing throughout the world. What he says is more respectable than anything that I might say bearing on this particular subject. Before I read this quotation, may I observe that the apparent increase in prosperity in Canada to-day is not by any manner of means due to any policies that may be applied in Ottawa or Washington. To some

extent it is probably owing to the expenditure of money by President Roosevelt, and the recession which is on us now seems to be due to the fact that he is not spending so much.

Mr. HARTIGAN: Will the hon. member give credit to the government for the expansion in trade?

Mr. BLACKMORE: If the hon. gentleman will give me a chance to say my say without incessant interruption, he will enjoy it better and so shall I. I am not talking social credit now; why should I be interrupted every half minute as I was the last time. On page 303 of this book I find the following words:

> Needless to say, countries which do not play an active part in the rearmament race also enjoy its beneficial effects, without suffering its disadvantages in the form of a considerable increase of their public debt. From this point of view the British dominions and Latin America have been in a particularly favourable position since the beginning of the rearmament race.

Hon. members will notice what bearing that is likely to have on Canada.

> It was mainly the large demand for raw materials in connection with rearmament that broke the back of the economic depression. All the reflationary efforts of President Roosevelt and other statesmen until about 1935—

It was just about that time that the Liberals came in.

> —did not produce any results comparable with those brought about by the rearmament during 1935 and 1936. The frozen commodity stocks which even in 1935 consituted an important problem and a major obstacle to genuine recovery have become liquidated within a relatively short time. In some instances there is now, in fact, an excess of demand, and the restrictions imposed upon production since 1929 are being gradually abandoned.
>
> The whole continent of South America has recovered economically and financially during 1936, far beyond the most optimistic anticipations.

Hon. members may feel entitled to credit for the pick-up in Canada; but I do not suppose anyone, even on the Liberal side would claim credit for what is happening in South America.

> Even Chile, which, after the crisis of 1931 was considered to be the darkest spot on the gloomy world, shows signs of becoming prosperous and solvent. No wonder, since her two main articles of export are nitrates and copper—

At page 304 we find these words:

> Could we view the situation without regard for its political, social and humane aspects, we might arrive at the conclusion that by breaking the back of the depression, rearmament was, in fact, a blessing in disguise.

We further learn from the same part of the book that even Brazil and Argentina, under influence of increased demand, have begun to relax restrictions against trade.

We are not discussing trade to-night; but in order to be realistic in facing the question of trade, there are one or two observations that, I think, should be made. There are many people who say that we ought to get together and break down trade barriers, because it is the trade barriers that are causing all the trouble. But the facts clearly indicate that the trouble is causing the trade barriers. Now the question as to what is the trouble is what we are engaged in answering to-night. Without an attempt to answer that question, talk on this subject is idle. I would call to the attention of the house the fact that this rearmament program has been financed, not with savings, but with new money. Hon. members have heard me declare that until I know they are tired of hearing it; but they must hear it again and again; for in that principle lies the only hope of salvation for this country and other countries of the British Empire. And that new money has been created by bankers. So I hope that next time the minister stands before us and introduces a bill, he will not try to claim for the Liberal administration all the credit for any improvement in conditions. No one in this parliament has been more ready to grant credit where credit is due than I; I think my speeches as reported in Hansard will bear out that statement. But if we are interested in arriving at the truth, let us refrain from statements which merely becloud the issue.

I shall not accuse the minister of the attempt, but it seemed to me there was an attempt to make our apparent recovery a little more glowing than it really is. I am just as anxious as anyone to see the doughnut, but it is well to know there is a hole in it, how big the hole is and how near we are to the edge of it. I grant that there was considerable pick-up in the business of the country; yet as the hon. member for Vancouver East (Mr. MacInnis) pointed out by reference to a monthly letter of one of the banks, there is now such a falling off that it is alarming. Let me quote briefly from the letter of the Bank of Montreal of April 22, 1938. On the second page the economic situation of the various provinces is discussed:

> Quebec—While the volume of wholesale trade shows little change from that of last month it is below a year ago. Retail trade continues quiet. Collections are fair. The steel industries have benefited from recent large contracts for railway equipment and improved demand for mining machinery and agricultural implements. Many of the silk and rayon mills have

further curtailed output. Cotton factories are operating well below capacity. Furniture manufacturers have reduced operations on account of lessening demand. Lumber markets have been dull but in general stocks are not unduly burdensome. Pulpwood is in light demand, with prices weak. Newsprint mills are still operating on substantially reduced schedules.

I leave Quebec to deal with Ontario:

Ontario—Wholesale and retail trade was comparatively quiet during March and volume was below that of a year ago. With the arrival of warmer weather, however, business has shown moderate improvement. Collections are slow to fair. Knitting, textile, woollen and worsted mills as well as canners, shoe manufacturers and rubber tire companies generally, are on shorter hours with reduced working forces, although hosiery mills and rubber footwear factories remain busy. A number of steel companies report increased activity as the result of large orders for railway, mining and transportation equipment as well as war materials, and aircraft companies are very busy. Mining activity continues at record levels.

These last statements tend to show that it is rearmament which is causing the apparent prosperity. On the third page the maritime provinces are dealt with:

Maritime provinces—Wholesale and retail volume is running somewhat below last year's levels. Collections are fair. Raw fur sales have been disappointing and prices show a sharp recession. Dried fish markets are quiet. Canned lobster is moving slowly, with heavy stocks on hand. The market for long lumber is weak and prices have declined.

I think that is sufficient; I shall not read any more. The situation in Canada is not nearly as bright as the minister seemingly has forced himself to think it is. In this house we should face conditions as they are. I do not believe the Liberal government are alone responsible for this situation. They have gone out and got more markets; I grant that. But without a change of system, the policy of neither the Liberal nor the Conservative party can cure the difficulties of this country. I am confident that this will become more and more apparent as the days go by. I only hope it will become apparent to a sufficiently large number of people before it is too late to do something. But the opportunity is passing. Conditions in many places in this country are positively terrible. That gentleman who talked with me this morning and so glibly assured me that there are plenty of jobs, came from an area not far from where this letter was written. This letter came to me personally, with no idea that it would ever be read in parliament. It comes right from the hearts of men who are in the midst of this terrible misery in a time when we are soothing ourselves into the idea that conditions are reasonably good. It comes from Nova Scotia.

(Quotation immediately following stricken out. See ruling of Mr. Speaker at page 2372.)

Mr. ISNOR: Will the hon. member be good enough to tell the house from what city or town in Nova Scotia the letter comes?

Mr. BLACKMORE: I would say to the hon. member for Halifax (Mr. Isnor) that I can give it, undoubtedly. It is here; but I do not think it is fair that all the details of a private and personal letter should be read into Hansard. But here they are, on my desk, and the hon. member may see them.

Mr. ISNOR: In view of the statement that 500 go to the soup kitchens in the town of Yarmouth, I think we should know who wrote the letter, and from what section of Nova Scotia it comes.

Mr. BLACKMORE: I do not.

Mr. BAKER: Is it or is it not true?

Mr. BLACKMORE: The letter is right here, and it can be read.

Mr. ISNOR: We would like to check it.

Mr. BLACKMORE: It does not need to be put into Hansard.

Mr. DUNNING: The hon. member cannot quote from a document without giving its source. The rule of the house is clear on that. If he reads a letter in the house he must state from whom it comes. When the hon. member makes public use of it in the House of Commons, it is no longer personal. The rule is clear.

Mr. BLACKMORE: Once before I read a letter, and after a good deal of discussion it was expunged from the pages of Hansard. If that is the will of the house, it is all right with me. We will proceed with the speech.

Mr. SPEAKER: The name of the person from whom the letter came should be given. The hon. member should give the name of the person who wrote it.

Mr. ROGERS: And the address.

Mr. BLACKMORE: I think it is not fair to give the name of a writer, simply because of the fiendish kind of treatment people like this get, if their names are known.

Mr. BAKER: Who wrote it, then?

Mr. BLACKMORE: Only one thing can be done; if it is contrary to the rules the whole thing can be expunged from Hansard. But I refuse to give the name of this person to the house. I have it here, and any hon. member who is interested may read it; it is genuine, and it is in front of me in its original form.

Mr. SPEAKER: When the hon. member reads from a letter he ought to be in a position to disclose the name of the person who wrote it.

Mr. BLACKMORE: I am.

Mr. SPEAKER: But if he is not at liberty to do so, he should not read from it.

Mr. BLACKMORE: All that is necessary, if it is contrary to the rules of the house to leave the letter on Hansard, is to expunge it from the record. I cannot give the name; or, at least, I do not believe I am justified in giving the name.

Mr. BAKER: He had no right to read it then.

Mr. LAPOINTE (Quebec East): Do I understand the hon. member is willing that the letter be expunged?

Mr. SPEAKER: Do I understand the hon. member to say it is his wish that the letter be expunged from the record?

Mr. BLACKMORE: If those are the orders of the house, all right.

Mr. SPEAKER: I think it would be better if it were expunged from the record.

Mr. BLACKMORE: Very good. I would much rather have that happen, now that hon. members have heard it, because, after all, I am more concerned with having hon. members in the house know about existing conditions than I am that the letter appear in Hansard. I am not going to expose a man who writes a letter like that to me.

All right; having said this much, I wish to pass on to another consideration. I have heard a good deal since I came to the house about those fine old virtues of hard work and thrift, and stern, stubborn self-help, faith in the future, and all those things.

On those principles our country was builded. There are a number of people who so far deceive themselves as to think that we social crediters do not believe that. No bigger piece of delusion can be conceived by man. We cannot build a state or a strong community without hard work, thrift, stern and stubborn self-help, faith in the future, patriotism, unity and democracy. I maintain that the greatest condemnation of the government in power to-day is that it is rendering those very virtues utterly impossible for a large part of the population of Canada. There is no successful contravention of what I say. We have hundreds of thousands of people throughout Canada who cannot get work at all, much less hard work, of profitable value. They will do anything to get work.

The one thing, sir, we cannot afford to lose in this country is the productive value of the human being. We are ignoring it, neglecting it, spurning it and rendering it utterly futile. We have been doing that for nine years. Surely, if this has not proved the absolute ineptitude of the present system, I do not know how much proof hon. members need. How many generations of failure must we have before we become convinced the present system cannot work any more?

Thrift! How can men save when they cannot get enough to keep body and soul together? Hon. members know that hundreds of thousands of people in Canada find it impossible to have any kind of meagre savings, from the contemptible incomes which they derive. Where, then, is the training for thrift? How is it possible? We must change this system, or no more shall we have genuine thrift in Canada.

The incomes sufficiently large to enable people to save to any great extent are being drawn by only a very small proportion of our population, and that proportion is steadily decreasing.

Stern, stubborn self-help! Men have thrown themselves against walls of reality until their bodies and spirits are bruised and broken, in their attempt to get along without assistance. Finally, they fall back in utter helplessness. How can people have faith in the future? From the very letter, a portion of which I have already read, I could read a statement indicating that these people are beginning to wonder what it was they fought for. We are building up a fine public attitude, a splendid morale, to go through another test, such as the last war! We are forcing the very kind of youth who, twenty years ago, sprang together to defend the country, into such disgraceful and degrading conditions, degrading to both body and spirit, that they have no heart whatsoever to fight. They say, "What have we to lose?"

I say if we are interested in the welfare of Canada—and I am sure every hon. member is—we simply must make a change, so as to give these people, these youth who are growing up, confidence that Canada is a land to love, and not a land to oppress them. We are oppressing them, disgracefully.

We hear a great deal about unity. We hear a great deal about the need for patriotism and democratic principles. When I hear that, I am reminded of a person who, suffering from rheumatism, applies some salve and hot flannels, and draws near the stove. He does anything and everything but try to remove the cause. The measure before us

to-night is nothing but a palliative. There is no attempt whatsoever to find the cause of the difficulty, much less to remove it.

Some people would say: "What would you do about it?" In the first place, let us be sure that we must do something more than we are doing now. Just as soon as hon. members are agreed that what we are now doing is not sufficient, just that soon will we be ready and humble enough to go to the trouble of using some other methods. I shall read from the words of a man for whom I believe every hon. member has at least a measure of respect, namely Mr. Anthony Eden. If hon. members will permit me, I shall take the liberty of making comments as I read, because I believe this article contains a grave message for us in Canada, as it does for Great Britain and for all democratic countries. It has a direct bearing on what I was saying a few moments ago about unity and democracy. The Ottawa Citizen of Wednesday, April 27, quotes Mr. Eden as saying:

> It would be foolish, perhaps fatal to the very survival of democracy, to ignore the stupendous achievements realized under other forms of government. A truly immense effort has been made in the last few years by autocratic states for the fulfilment of the purposes they have set before them.
>
> Their methods cannot be ours, but we should not fail to note the passionate fervour with which they are being realized.

Contrast the passionate fervour which they are demonstrating according to Anthony Eden with the lethargy which is manifested in this country, with the disposition to let things ride and wait for something to turn up! I continue with the quotation:

> If we are to uphold our idea, our conception of life, both national and international, if we are to see them prevail, then a comparable effort must be made by us and an equal spirit be roused. This is a time when every endeavour should be made to promote national unity, for it is only as a united nation that we can give of our best.
>
> Party warfare for its own sake should have no place in the scheme of things to-day. A united effort for the spiritual and material rearmament of the nation is the need of the hour.

It would be hard to find words that are more appropriate to conditions as they exist at this moment. I maintain that we are not taking such measures as will build up the spiritual and material resources of this country. We all hope it may not be so, but we all fear that we are approaching a most dreadful time of testing when practically every part of our being is unprepared. People will say, "What will you do about it?" First of all, I say that we are going to do something. Then it will be asked, "What will that something be?" I have been much interested in the proposals which have been made. I was particularly interested in the speech of the hon. member for Sherbrooke (Mr. Howard), and I think it did him great credit. I have been interested in the proposals of hon. members who have suggested that we should conduct irrigation work; that we should have extensive reforestation and road construction. These suggestions are all perfectly sound. The hon. member for Hamilton West (Mr. Marsh) made a most entertaining and interesting speech yesterday, as did the hon. member for Kootenay East (Mr. Stevens).

But in each instance I am sure hon. members felt that we have only so much money; that all we can get is what we can tax from the people or borrow. It would not be wise to borrow any more. We want to balance the budget if it lies within our power, and we should begin to pay off our debts. We are taxing our people to the absolute limit. Well, then, they would say, "Hon. member, which one of the things upon which we are now spending money would you have us curtail? If we cannot curtail in any respect; if we cannot get money in any other way, then how in the world do you think we can finance these projects?" That is what it amounts to as surely as we are here in this building. Where are you going to get the money? I am not going to make any extended comments to-night. I am not going to talk about social credit in any detail as some hon. member would rise probably to a point of order and oppose my remarks. Without any reflection upon those who preside, I must say it seems strange that those who are called to order are the ones who try to offer suggestions which would really improve matters.

I want to remind hon. members that the money with which the war preparations are being financed is credit; it is not savings. Let us get that thoroughly into our thinking. Where does that credit come from? Undoubtedly the bankers all over the world are producing it. Is the Canadian banking system producing any part of it? If it is, then can we not arrange things so that our bankers will be able to produce the credit which we need to improve conditions in our country? The minute we begin to think along that line, we shall begin to see a way out of the difficulty in which we find ourselves. I say earnestly and frankly that if the Dominion of Canada would begin an earnest study of the principles of social credit, a way could be found out of our difficulties.

I think I can safely venture to say that if wisdom and industry were used in the application of these principles, the Minister of Labour would never again be humiliated by having to bring down a bill such as this. There would be no further need for a bill to relieve unemployment in this country. If anything more is needed, I am willing to say it. I have such confidence in the principles of social credit that I feel sure that would be the result. Absurd? Of course it sounds absurd, but everything new sounds absurd.

An hon. MEMBER: How long would that exist?

Mr. BLACKMORE: The new system would exist until such time as there were other changes in our economy. That might be twenty-five, thirty, forty or fifty years as things move so fast these days. The point is that we are in a hole right now and do not know it.

Mr. BAKER: When and where has your theory proved successful?

Mr. BLACKMORE: There is a lot of wisdom behind that question! You could ask with equal pertinency, when did the airship succeed before the Wright brothers proved they could fly. When was the alternating current successful before William Stanley came along? You can go back through the history of world development and ask the same question about every great advance.

Mr. SPEAKER: I am sorry to have to interrupt the hon. member, but his time has elapsed.

Mr. BLACKMORE: May I read just this one sentence? I should like to quote the words of R. F. Irvine, professor of economics at Sydney university for twenty-five years. I have quoted these words three times already and I shall quote them many times more. He said:

> I believe that the principles put forward by C. H. Douglas are not only sound but that they provide the only practical way of escape from the tragic fate which otherwise awaits the whole of western civilization.

I submit that is the only way out of this devastating and threatening situation of unemployment.

Mr. DUNNING: What is the proposal?

Mr. BLACKMORE: Mr. Speaker, you will note I am answering questions. There are three proposals. The first is that state-created money shall be used.

Mr. DUNNING: We have that now.

Mr. BLACKMORE: I wish you would use it.

Mr. DUNNING: We do all the time.

Mr. BLACKMORE: I wish you would use it more extensively.

Mr. DUNNING: You have some of it in your pocket right now.

Mr. BLACKMORE: That is the first principle. Next, in order to prevent inflation; in order to make sure that the money is properly distributed; in order to make up for a lack of wages when men cannot work, you have dividends. By means of these dividends you distribute money to the very people who need it in order that they may buy those goods which the industries are unable to sell.

Mr. GRAY: How?

Mr. BLACKMORE: It would be just as though the government sent them the equivalent of a cheque every month.

Mr. DUNNING: You would print the money and give it to the people monthly?

Mr. BLACKMORE: No; you would not print the money; you would do it through the banking system.

Mr. DUNNING: How would the people get it?

Mr. BLACKMORE: The bankers would issue it to them. Suppose it is $25 a month. The banker would put $25 to the credit of every person in the area he serves who was qualified.

Mr. DUNNING: How does the banker get the $25?

Mr. POULIOT: Might I ask a question in order to help the hon. gentleman?

Mr. BLACKMORE: Yes.

Mr. POULIOT: Is the hon. gentleman in favour of stopping the sale of our gold outside and keeping it here in order to cover part of a new issue of money?

Mr. BLACKMORE: Oh, yes; that should be attended to.

Mr. GRAY: Where does the banker get the money?

Mr. BLACKMORE: That is a very fine question. I did not expect all this questioning, but it is excellent; that is just what I am here for. Remember what I said a few minutes ago, that these great rearmament programs are not being financed with savings.

Mr. DUNNING: My hon. friend said a moment ago that we must start with state-created bills; that is Bank of Canada bills, and he says that these bills are to be got to the people through the ordinary banker. How does the ordinary banker get the state-created money in order to give it to the people, if he is going to give it?

Mr. BLACKMORE: Let it be understood, Mr. Speaker, that I am not giving anything but illustrations. I am not going to set down a plan here to-night, because that would be manifestly absurd. If I were to come before this audience to-night, and none of you had ever seen a power plant where electricity could be generated—

Mr. DUNNING: It is money we are talking about.

Mr. BLACKMORE: Just a minute. I know; I was not born yesterday. Suppose I wanted to prove to this audience that you could establish a power plant with which you could convert the energy which is pouring down a stream into electricity with which you could light your buildings and heat your homes and do the hundred and one splendid things that we do with electricity, assuming for a moment that we had never seen that done; just project yourself back a hundred years to a point where they never had seen it done; suppose it is our great, great grandfathers who are here, and that one of them is trying to demonstrate to the rest that it is feasible to establish a power plant to create out of this energy in the water electricity which could be used for various purposes—

Mr. GRAY: But grandfather always paid for that power.

Mr. BLACKMORE: Very fine, but the hon. member has not let me go far enough yet. If that were fully demonstrated by whatever reasoning was necessary, would the men in that audience expect the demonstrator to proceed to tell them all about the fuse plugs, the stepping down apparatus, and all that kind of thing?

Mr. DUNNING: They would expect some electricity to be delivered. My hon. friend said a few moments ago what is being repeatedly said by his party: We will give purchasing power to the people in the form of state-created money. Surely we have a right to ask how that state-created money is to reach the people without the people doing anything in order to get it. That is all we want to know. It is a simple question.

Mr. BLACKMORE: Very good. But first of all I wish to say this, that anything which I say here which goes into Hansard without a lot of explanation might easily be misinterpreted. All hon. members know where my room is, and if anyone wants to come up to me for an explanation I shall spend hours and hours with him explaining things.

An hon. MEMBER: Tell it now.

Mr. BLACKMORE: Oh, no; we won't do anything so foolish as to tell it now. I would simply say this, just as an illustration. We established, when we were having our debate some time ago, that the Bank of Canada can take one dollar of gold and can create against that four one-dollar bills. We even had it established without any serious opposition that the Dominion of Canada could create bills without gold. It was also demonstrated and acknowledged that, having once created four one-dollar bills against one dollar of gold, the Bank of Canada could transmit one of those dollar bills to the banking system, we will say to the Bank of Montreal, and if the banks in the banking system were all working together in step, so that one would not get out of line by varying the policy the others were following, then the banking system could create ten dollars of credit against that one dollar bill.

Mr. DUNNING: The Bank of Canada does not give these bills to the chartered banks.

Mr. BLACKMORE: We know that. We do not say they give it to them, no. But the point is they can create four dollars against one, and when the banking system has got the one dollar bill it can create ten dollars of credit.

Mr. GRAY: The Minister of Finance offered you all the facilities you are speaking of, and you refused to accept them.

Mr. BLACKMORE: No; I did not refuse.

Mr. GRAY: I heard him offer all these facilities, and you refused them.

Mr. BLACKMORE: If the hon. member will read my speech, he will find there was no refusal.

Mr. DONNELLY: Why don't you take it?

Mr. BLACKMORE: For the reason I gave quite clearly in the answer that is in Hansard, and you will not find any flaw in it. I told the house a few moments ago that if the Bank of Montreal went ahead with ten to one, and the other banks in Canada extended

only five to one, the Bank of Montreal would get into difficulty. They have to go forward in step, and once they do that they can create ten credit dollars as against one dollar bill.

Mr. POULIOT: Would the hon. gentleman be in favour of the prohibition of the sale of our gold outside Canada, in order to have a larger gold reserve for the issuance of paper money?

Mr. BLACKMORE: It should be quite sound to keep our gold at home if it is gold we need to back our money. If it is, undoubtedly let us keep our gold at home.

Mr. DUNNING: Does the hon. member think we need any more gold to back our money?

Mr. BLACKMORE: I should like to have the privilege of going into the details before making a statement on that. When the hon. minister asked me his question before, I said that we would call in the banking authorities in this country, and the question which the Minister of Finance has asked me I would unquestionably ask of these gentlemen as being authorities upon it. Suppose I said to them: I want to extend the credit of Canada $500,000,000, as being the amount necessary to put our farms and factories into operation again as they were in 1929.

Mr. SPEAKER: The hon. member has exhausted his time.

Mr. BLACKMORE: Very good, Mr. Speaker, but I was just answering questions. As the Minister of Finance has asked me the question, perhaps I might be allowed to finish my answer. I say I would call in the banking authorities and ask them: Do you think we ought to have more gold? If they said yes, we would surely keep it. If they said we did not need it, I would say that they are the authorities.

Mr. DUNNING: May I repeat my original question? My hon. friend concluded his speech by stating that this problem could be solved by the adoption of social credit principles and by state-created money. I have asked him how he would get state-created social credit money—that was his own expression—out to these people who need it. That is what we are here to do. That is what my hon. friend says he will do. I just want to know how. Surely, before we vote for that thing, we ought to know how he proposes to get the money to the people who need it.

Mr. BLACKMORE: Well, I said, Mr. Speaker,—you will excuse me since I am answering the hon. member's question—having once established that the banking system of Canada can create credit enough to put the people of Canada to work, we would then arrange matters so that they could make loans—

Mr. DUNNING: Oh, "loans."

Mr. BLACKMORE: —as they used to make them. That would be the first move; loans to get your production going.

Mr. DUNNING: But these were not loans. They were dividends, my hon. friend said; that was the expression he used.

Mr. BLACKMORE: Before you can safely give dividends the first thing you create is credit for loans with which to produce goods and services. Then the banking system can be so managed that working with the government it can advance credit as dividends with which to consume surplus goods and services.

Mr. DUNNING: The Minister of Justice says that it is against the rules for me to question the hon. member.

Mr. BLACKMORE: I do not mind. I shall gladly go on talking all the minister wishes, because I am simply full of the subject.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Short title.

Mr. POULIOT: Just a word to explain why I said that the report of the employment commission was rotten. It is because the figures contained in the twenty-ninth tabulation of statistics at the end of the report do not indicate the previous occupations of the unemployed. They refer to the last time the unemployed had any occupation; they give some information about the ages of the unemployed, their capacity or incapacity to work; but they do not tell what those unemployed did before they became unemployed, or where they live. For those reasons the statistics published in the report are absolutely useless, although quite a lot of work may have been involved in compiling them. Besides that, what I find foolish is the calculation of the percentage to one-tenth. It was absolutely absurd.

I strongly objected to the appointment of Mr. Purvis as the chairman. My contention at the time was that no one knew better the problem of unemployment than any member of this house who has occasion to meet unemployed persons either during the session or during the recess and to be in contact with

them. Mr. Purvis has no occasion to meet any unemployed. He may shake hands at times with the men who are working in the numerous institutions of which he is a director, but on the other hand he never meets any unemployed. Therefore he knows nothing about their real lives and their troubles and miseries.

There was one thing that struck me. When the hon. member for Dufferin-Simcoe asked the Minister of Labour two years ago what salary was to be paid to Mr. Purvis, the minister gave an evasive answer; he did not at the time answer yes or no. The member for Témiscouata repeated his offer to do the work of classification for nothing, providing that he could take a few civil servants at his own choice to assist him in that compilation. Afterwards Mr. Purvis was put to shame and said that he was not charging anything; in fact, he received, I admit, nothing apparently in gold or in paper money or in social credit money. But, on the other hand, he did something which was most unethical and for which he should be deported at once as undesirable. There are two reports, one on unemployment and one on employment. As to the large report on employment, which contains data of January, 1937, about those engaged in industry, it should not be forgotten that Mr. Purvis, the chairman of the national employment commission, is also chairman and managing director of Canadian Industries Limited, president of the Dunlop Tire and Rubber Company Limited, and of numerous other institutions. Therefore Mr. Purvis as head of the commission secured confidential information about all industries, some twenty-seven or twenty-nine of them. That report is more fully detailed than the report on unemployment, and especially on the chemical industry, the industry of chemical products, and on the industry of rubber products, in which he is interested.

Mr. ROGERS: But the data was secured from all industries for public purposes.

Mr. POULIOT: And especially those industries which are mentioned in that report. There is the rubber industry; he is president of the Dunlop Tire and Rubber Company, Limited.

Mr. BAKER: That is no crime.

Mr. POULIOT: It is a commercial industry. I wonder if my hon. friend is not a large shareholder in that industry.

Mr. BAKER: I do not hold one share, and never did, but it is no crime for that man to reach that fine position.

Mr. POULIOT: I will ask my hon. friend kindly to keep quiet and shut up. If he wants to ask me a question, he will rise in his place and ask me if I am willing to let him ask the question. If not, he will sit down—

Mr. BAKER: I would not be bothered.

Mr. POULIOT:—and not say a word; otherwise I shall ask the chairman to call the hon. gentleman to order. It may hurt him; but I am telling the truth, and I know more about it than he does, because he is a capitalist.

Mr. BAKER: That statement is not true. I am not a capitalist.

Mr. STEWART: On a point of order, possibly the hon. gentleman himself might observe the rules a little more strictly than by asking an hon. member to "shut up". I think he might request—

Mr. POULIOT: Exactly. I shall ask the hon. member to keep silent; and I mean it.

Mr. BAKER: I take exception, Mr. Chairman, to the statement made by the hon. member that I am a capitalist. I am not a capitalist, and never was.

Mr. POULIOT: Is it an insult to call the hon. gentleman a capitalist? I think he belongs to the social credit group if he is insulted when I call him a capitalist.

Mr. BAKER: No. Not guilty.

Mr. POULIOT He might change his seat. He might go to the left.

Mr. BAKER: Let the hon. member go on with his statement and not bother about me.

Mr. POULIOT: No; I do not bother, but I worry a lot. Leaving aside these futilities, I must resume my argument. What I said was that Mr. Purvis, as president or chairman of the Dunlop Tire and Rubber Company Limited, was most interested to know everything, even of a confidential nature, in the rubber industry. Also as president and chairman of Canadian Industries Limited he was highly interested to know what was going on in the chemical industry. He knew it all. Perhaps that is the reason why he was exhausted after his report was tabled. I find it, sir, most unethical for a man, who stated he was asking nothing to do that work, to take advantage of his position as chairman of a public body to secure private information for which other industrialists would be ready to pay half a million or a million dollars That is one point.

Mr. ROGERS: The information was used for public purposes.

Mr. POULIOT: For public purposes. But he took personal advantage of it; and private replies, mentioning the names were sent to the commission by the industries concerned. The figures that he gave did not disclose the information that he had, because he gave them for the Dominion of Canada and for the province at large, not naming a single industry, when personally he had that information. Tom Moore said nothing on that. I objected strongly also to the appointment of Tom Moore, whom I did not name in 1936, for the reason that he has done nothing in his life and cannot teach others how to work. Moreover, the conclusions of the report are silly. One of them is to amplify the employment offices, to give a job to Tom Moore. If he was in distress he could secure direct relief. And the social insurance, which he has advocated as chairman of the trades and labour congress every time he appeared before the government, in the eyes of the national employment commission seems to be a plan to secure a job for Tom Moore—quite an expensive undertaking.

Sir, I will say nothing more for the moment on this matter than this. Why did the government have to appoint the national employment commission instead of naming a parliamentary committee of the House of Commons to study the matter of unemployment? Was it not because in the very Department of Labour the minister did not have the assistance that he was supposed to have from all his officials? I have nothing to say about the unemployment relief branch; I have the highest respect for three gentlemen who occupy prominent positions in that branch, Mr. Hereford, Mr. Houston and Mr. Carter, and some others who are doing good work in minor positions. The former deputy minister of labour was at one time a railway man, a man with a good education and a good knowledge of railway problems, and in the discharge of his duties he rendered good service to the state. Imagine that man being replaced by a man who was a former private secretary of the Right Hon. Arthur Meighen, who had several years' experience as private secretary to ministers, and whose only experience with regard to the unemployed was six years in the remission branch of the Department of Justice dealing with convicts. It seems to me a shame that Mr. Ward was forced to resign to give place to that man, a man not qualified. The minister may deny that; but I am sure that if he had had, as deputy minister of labour, Mr. Ward, who was a very capable man, whom I knew personally, and who helped me in some work I did on behalf of the unemployed, we would have had no employment commission. That is all I have to say for the moment.

Mr. ROGERS: I have expressed at various times my admiration for the independence of the hon. member for Témiscouata, but at this time I wish to take strong exception to some of the observations he has just made. I will say this very definitely, that from my contact with the members of the national employment commission, each and every one of them accepted the responsibilities of that commission with a keen sense of public obligation. My hon. friend has referred particularly to Mr. Purvis, who was chairman of the commission. Mr. Purvis accepted the chairmanship of the commission at the request of the government. Naturally the government was responsible for his selection, and so far as I have had association with Mr. Purvis as chairman of the commission I am absolutely convinced that he gave honestly and wholeheartedly his best effort to the task in hand. My hon. friend is entitled to take exception to any or all of the recommendations of the commission; but I do not think there should be any imputation cast upon the motives either of the chairman of that commission or of other members of it, and I think that applies equally to the members of the public service of Canada. I wish to make that statement immediately so that there shall be no misunderstanding of my position.

Mr. POULIOT: I did not impute any motives; I stated facts.

Mr. BAKER: I have no brief whatever for Mr. Purvis. I have not the pleasure of knowing him; but if I have his history, he is a self-made man who employs people; and what astounds me so much is that people who, as far as I know, never employed any one at all, have the impudence to criticize a man of that type.

Mr. HEAPS: I have no desire to follow along the lines pursued by the hon. member for Témiscouata. I have nothing against any of the gentlemen mentioned, and I think it is sometimes unfortunate that aspersions should be cast upon people who are not here to defend themselves. I have never met Mr. Purvis in my life and I would not know him if I did meet him, but I believe he is an honourable man and that he acted in an honourable capacity. I might disagree with the conclusions he arrived at and with the recommendations submitted to the government, but that would not prevent me from

at least giving him credit for being an honourable person. And so far as Tom Moore is concerned, I think the remarks that were made are entirely undeserved. Mr. Moore used to work as hard as any member of this house. He was by trade a carpenter until he was made a paid official of the trades and labour congress, and I cannot understand what the hon. member for Témiscouata has against him in his capacity as a member of the national employment commission.

However, I want to get down to something definite in connection with the matter before us. I do not wish to discuss personalities in a matter of such far-reaching importance as unemployment relief. I want to deal with one aspect of the question of relief which has come to my attention in the past few weeks. It is the attempt which is being made in Winnipeg, and probably in other parts of Canada, to reduce the standard of relief being given to persons who are unfortunately the recipients of public assistance. Not only is an effort being made to reduce the standard of relief given, probably in order to save costs to the national and local exchequers, but there are also new regulations being put into force, which in my opinion will have an extremely serious effect upon the general standard of living of the persons involved. In Winnipeg, those who determine the kind of relief are putting into effect certain regulations which provide that when a person is working he will be allowed to spend only so much of his salary per week or per month, and the balance is to be put away for a time when he may find himself in the ranks of the unemployed. The amount allowed to be spent in Winnipeg is not much more than the amount they receive when on relief. At the present time people on relief have exhausted practically everything that they have, and they will not be allowed to replenish anything; they will be compelled to live on a basis not much better than that which they experienced when they were recipients of public relief. It means that these people are going to be driven to a very low standard of living, so that they drag down the higher standards that others may have attained as a result of many years of endeavour. I cannot too strongly condemn regulations of that kind. I want to know if that is the policy of the government or whether they acquiesce in a policy of that kind being adopted by public authorities.

Mr. ROGERS: My answer to my hon. friend is that the dominion government has not in any way brought pressure to bear upon provincial governments with respect to any change in relief scales. We have from time to time altered our grants in aid to provincial governments; in doing so, we have been influenced by improvement in the unemployment situation in those provinces and to some extent by improvement in the financial position of certain provinces. Those have been the two factors which have always governed grants in aid by the dominion to the provinces. But there has been no pressure of any kind in respect of relief scales. That is something which, as my hon. friend is no doubt aware, is dealt with entirely by provincial governments in conjunction with the municipalities. There is no uniform relief scale throughout the dominion; there is not in the municipalities in a province; it varies not only between provinces but as between municipalities in the same province.

Mr. HEAPS: Does not a representative of the Department of Labour confer with the authorities in the different provinces and in that way control in some measure the scale of relief being given?

Mr. ROGERS: No. The only possible connection that might exist between the dominion government and relief scales is a clause in the agreements covering the last quarter of the past fiscal year which stated that the relief allowances should not compete, so to speak, with the prevailing wage in a municipality. I have mentioned that before in this house. That is the only clause of the agreement that I can recall at the moment which would have any effect upon relief scales as applied in any particular municipality.

Mr. LANDERYOU: Some time ago I asked the minister some questions in reference to the highest relief scale paid anywhere in Canada and the relief scale which was competing with wage scales in any part of Canada. Could I have an answer now?

Mr. ROGERS: I remember the question, and I think my friend will recall that I stated that I doubted the wisdom of giving the relief scales prevailing in each city. It is not a matter which is within the control of the dominion government; it is determined wholly by the municipality in question. As for the other information asked by my hon. friend, I shall be glad to take note of it and see that it is made available.

Mr. LANDERYOU: I did not want the minister to give me the locality; I just wanted the highest relief scale.

Mr. ROGERS: I can secure that information, and shall do so. I thought the hon. member wished me to state what particular locality had this high relief scale.

Mr. HEAPS: The minister says that the department has requested the provincial authorities that relief scales shall not compete with prevailing rates of wages. I think in that they are taking a dangerous step. I could understand that, assuming relief scales were extremely high, the departmental officials might think that people would not be anxious to accept work at prevailing rates. They might claim that. I do not know of any relief scale in Canada that competes with what I would call fair rates of pay. The minister and other members of the committee will understand that there is a difference between what might be called prevailing rates and fair rates of pay. The prevailing rate in some area might be fifteen cents an hour; I know of instances of men working a whole week and at the end of the week getting the magnificent sum of $9 to maintain themselves and their family. I do not think there is any hon. member who would blame a man if he would not work for fifteen cents an hour. But if that happened to be the prevailing rate of pay, it might occur that a person having no alternative but relief would be compelled to accept it or have the relief allowance reduced accordingly. The department cannot avoid responsibility for conditions of that kind. A few months ago there was brought to my attention a place in Canada where that low rate of wages was being paid. In the case of Winnipeg I know what the relief rate is; I think I referred to it just prior to the recess. For a married couple, if my memory is correct, it was about $20 a month, or even less than that. I know it was extremely low. I am afraid that the tendency will be to reduce the scale still further, lowering the standard of living and wages as well. I want to prevent that. I do not want to see people on relief in Canada; I am one of those who for years have deplored the fact that the government has been compelled to give relief to people out of work. I would far rather see the government undertake a vast scheme of public works across this country to provide work for those in need, with a scale of pay in conformity, not with prevailing rates, but with either union rates or fair wages as determined by provincial regulation.

Mr. ROGERS: But my hon. friend on one occasion condemned that solution of the problem. I take it he has not changed his mind on that.

[Mr. Landeryou.]

Mr. HEAPS: As a final solution, I still say no. But I think we agree that although a scheme of public works is not a final solution, it at least alleviates the condition. It would be far better for the people who are to-day receiving relief to be performing some useful work.

Progress reported.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

Friday, April 29, 1938

The house met at three o'clock.

MALTON AIRPORT

QUESTION OF JURISDICTION WITH RESPECT TO EMPLOYMENT DURING CONSTRUCTION WORK

On the orders of the day:

Mr. H. S. HAMILTON (Algoma West): Mr. Speaker, I should like to direct a question to the Minister of Transport (Mr. Howe) based on a press report contained in the Sault Daily Star of April 28 and coming from Toronto. This reads:

> E. L. Cousins, general manager of the harbour board, yesterday told the civic board of control that the daughter of Jack Philips, Sault Ste. Marie, Ontario, engineer, who was working as a temporary stenographer during construction work on the Malton airport site, would be "through" to-night.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, on a point of order, a few days ago I was refused permission to read a telegram, on the ground that it was against the rules so to do. But this is on all fours with what I was trying to read, and I wonder if it is not out of order.

Mr. SPEAKER: I understand the hon. gentleman is just prefacing his question and I would ask him to put his question now.

Mr. HAMILTON: That is what I intended to do. I want to ask the Minister of Transport if employment at the Malton airport site is under the jurisdiction of the federal government. If the federal government contributes anything towards the Malton airport site, upon what basis is employment carried on?

Hon. C. D. HOWE (Minister of Transport): The Malton airport is a municipal undertaking of the city of Toronto. The federal government contributes roughly twenty-five per cent, the provincial government dollar for dollar with the federal government, and the city of Toronto the balance. The city has

charge of the work, but the contract with the federal government is that employment shall be given through the government employment office. We have no direct control over the personnel on the work. I may say that the city has turned the work over to the Toronto harbour commission for administration.

UNEMPLOYMENT RELIEF

MEASURE FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

The house resumed from Thursday, April 28, consideration in committee of Bill No. 105, to assist in the alleviation of unemployment and agricultural distress—Mr. Rogers—Mr. Sanderson in the chair.

On section 1—Short title.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Chairman, before the committee proceeds further with the bill I should like to refer to certain statements made last night by the hon. member for Temiscouata. In the interval I have had an opportunity of investigating the charge made that Mr. Purvis, as chairman of the national employment commission, had obtained certain information which would be of value to him in his private business associations. That investigation has confirmed the opinion I expressed last night, that the information so obtained was used solely for public purposes. Late in 1936 and early in 1937 a form was sent out under the authority of the national employment commission to the larger employers throughout Canada. The form stated its purpose to be to secure data deemed useful in studying employment and unemployment, to be supplementary to the commission's studies along other lines, such as the registration of direct relief recipients. That form was prepared by the members and officers of the commission. At the close of 1937 a report was issued embodying the information secured from the replies received. This report was issued and was tabled as a matter of fact in this house under the title of Report on Phases of Employment Conditions in Canadian Industry.

In no sense was it the thought or intention of the commission to look into the circumstances of individual firms; in fact an undertaking was given on the form itself to the effect that nothing of that nature would be done. This undertaking read as follows:

> In so far as the individual firm is concerned this reply will be treated as absolutely confidential. Information taken from the forms will be made public only in a general way: in no case will publicity be given to the individual return nor will it be available to any other branch of government.

That promise was most scrupulously carried out.

The work of receiving the forms and of collecting the data which they contained was under the direction of V. C. Phelan, director of registration, who was serving as an officer of the commission at the time. Neither the chairman nor any member of the commission ever asked for any one of the individual returns and none was shown to them. In order to discharge the project effectively it was unnecessary for the commission even to see these individual returns, as the purpose had been to secure data by classes, and when the data was ready in that form it was carefully considered by the commissioners.

A copy of the published report was sent to each employer who had submitted a return and no one has forwarded an objection to the use made of the information which he supplied. On the other hand, the commission was in receipt of statements from some employers to the effect that they considered the facts brought to light to be of value and that they appreciated receiving the report.

To sum up: the fact is that no one has at any time had possession of or been privileged to read the individual returns except the staff engaged in the statistical compilation, and steps were taken to see that the undertaking made to reporting firms was scrupulously regarded. It is a matter of opinion whether the individual employer's return in this case would be of assistance to a business competitor, as the information sought did not deal with the financial set-up or the producing, sales or commercial policies of firms.

I should just like to say in conclusion, repeating what I said last night, that Mr. Purvis as chairman, and Mr. Tom Moore as vice chairman, and all the members of the commission, approached their task as public-spirited citizens with a keen sense of responsibility, and I regret exceedingly that the hon. member has seen fit to make accusations against public servants who have been faithful and conscientious in the performance of their duties.

Mr. CHURCH: Mr. Chairman, this first section is about the same as last year. Would the minister give consideration to what has been urged by all parties in the house both last year and this, that contact be made not only with the provinces but with the larger municipalities where unemployment centres? You have extended the principle to Saskatchewan, for example, where the agriculturists can deal directly with the municipalities for seed and many other things like that, and it is what Mr. Hopkins has done at Washington.

I think it would strengthen the bill if we provided for the same thing here. As I said this year, where there is a large collection of $40,000,000 of income tax from Toronto I am sure you can give back to them bonuses and subventions amounting to twenty per cent to take care of relief and to help real estate.

Last year's bill was not a perfect bill by any means, and I would urge the minister and the government to give consideration to the suggestion I have just made. At present, contact is only with the province, but you have extended it to have a second contact with industry. There was none such last year. I would suggest that it would strengthen the bill if you had in it a permissive clause to enable you in case of emergency that may come in the fall or winter to deal directly with the larger municipalities. It would meet with the approval of the mayors, and would make the bill more elastic and more effective in taking care of relief where the need for relief is the greatest. Unemployment centres in the large industrial cities. Why should you deal direct with the municipalities in Saskatchewan in seed and relief and not with Ontario, particularly when you have taken from Ontario $252,000,000 income tax in the past six years, enough to pay the relief bill for all Canada, namely $241,000,000 according to the monthly statement of the Bank of Canada. My leader handed back to the municipalities every dollar they had paid in to the federal treasury. If my suggestion were adopted it would help industry and construction, would help the administration of the Small Loans Act and strengthen the home loan act of the Minister of Finance. It would shorten the discussion if the minister would indicate that he would include in the bill a section giving him power in emergency to deal directly with the larger cities where unemployment chiefly prevails.

Mr. ROGERS: Mr. Chairman, I remember that the hon. member for Broadview (Mr. Church) made this suggestion when the previous bill was before the committee last year, and it received some consideration at that time. I fully appreciate the arguments he brought forward in support of his proposal. As a matter of fact I believe the Dominion Housing Act does contain a provision under which agreements can be made with municipalities. That of course is with respect to the particular project of housing. I do question, however, the wisdom of the dominion government entering into direct arrangements with municipalities in connection with the administration of relief. In the past our relations have been solely with the provinces, and as I have had occasion to mention before, it is physically possible to deal with nine provinces. When you open the door to direct negotiations, not with nine provinces but with several thousand municipalities, it will be readily understood that you place an almost impossible burden upon those dealing with relief administration from the federal point of view. I am bound to say that in spite of what has been said by the hon. member for Broadview I still think it advisable that we should not open the door in this bill to direct agreements with municipalities in connection with relief administration.

Mr. WOODSWORTH: Mr. Chairman, last July the national employment commission devoted a bulletin to an article on the "unscrambling of this business of relief." In this bulletin it is suggested that we ought to have a division between unemployment relief and agricultural assistance, and in the case of the unemployed we ought to distinguish very clearly between those who are unemployed and those who are unemployable. I wonder if the minister can give any reason why various types of assistance should continue to be lumped in this way.

The other question I would ask is whether the minister could tell us the principles which are to guide the dominion government in the giving of relief during this coming season. We have had three or four years of it now on a very large scale, and we have had the benefits, whatever they are, of the researches of the national employment commission. I should like to know a little more clearly just what program is contemplated by the government, how extensive it will be, and along what particular lines.

Mr. ROGERS: First, as to the division of relief recipients into a number of classes towards which various governmental bodies should have a special responsibility, that is a question that has engaged the attention not only of this administration and of provincial governments but also of previous administrations who have had to deal with the question from the standpoint both of the dominion government and of the provinces. When direct relief was instituted in this country it was done, perhaps necessarily, without any classification of relief recipients upon the basis of their employability. It is possible—I do not wish to be dogmatic about it—that if the employment service of Canada had been used as the mechanism for dealing with relief from the beginning you might have had that division between unemployables and employables. But that was not found practicable. The result is that you have had on relief lists in practically all municipalities a mixture of unemployables and employables, including many cases which were formerly dealt with

by private charity. That being the situation, we are confronted with the desirability of resolving that general problem into its constituent elements. It has not been easy, and the problem is complicated by the fact that these relief lists have been developing along the basis I have indicated within the past few years.

As I have mentioned to the committee before, in the agreements which were in operation during the last quarter of the past fiscal year we have sought to get the provinces to cooperate with us in a definition of unemployability. That again is a question which requires experience, in order to determine what your standard of unemployability shall be. We are proceeding largely upon the basis of physical and mental infirmities in determining unemployability, but we have not up to this time by our own action placed the responsibility for unemployables wholly upon the municipalities. Some provinces have done that of their own volition. As a matter of fact some provinces followed more or less that line of division from the beginning, but that was the exception rather than the rule.

My hon. friend has asked what will be done during the present year in that regard. I can tell him that we propose, with the cooperation of the provinces, to secure a more efficient division of the groups of relief recipients.

Mr. WOODSWORTH: What does the minister mean by that?

Mr. ROGERS: I mean that the definition of unemployability which was in effect during the last quarter of the past fiscal year may have to be revised to some extent. In the light of experience in the last few months with the provinces, we hope to bring about a much more effective division of relief recipients, but not at the same time attempting to place the responsibility for unemployables upon any particular governmental agency. As I have mentioned, the provinces themselves in some cases placed the care of unemployables back upon the municipalities or upon private charities.

Now as to the measures which should be taken by the government for the provision of relief during the forthcoming year, that of course will be dealt with by items in the supplementary estimates as in the past two years, and in the allocation of the grant in aid to the provinces we shall be governed by the actual unemployment conditions in the various provinces, and also shall see to it that the division is one which will enable the dominion government to gain, if there is an improvement in the employment situation, in common with both the provinces and the municipalities who are equally concerned.

Mr. WOODSWORTH: It does seem to me that the committee should receive some further information than has been given. We are told that the amount of relief will be indicated when the supplementary estimates are brought down; the house will at least still have control over the amount. But there is something more. This bill purports to be an enabling bill under which the government can carry out certain schemes or undertakings for dealing with the unemployment situation. Surely the government has some idea of the extent to which the dominion ought to contribute during the forthcoming year. After three or four years, and after the elaborate investigations that have been made, the government should be in possession of something like adequate data on which to form at least a rough guess at what will be the requirements for the coming year. Then, secondly, it seems to me we ought to know what the plans of the government are. Are we to go ahead with various projects for young people? Are we to adopt a housing scheme? What form will the constructive measures take? As far as this particular bill is concerned we are getting back pretty much to the era of the blank cheque. We are asked to give the government power in a general way to meet an emergency.

Mr. ROGERS: Subject to parliamentary appropriations.

Mr. WOODSWORTH: Yes, subject to the appropriations. But it seems to me that by this time relief cannot be regarded any longer as an emergency; it has settled down to be almost a steady thing. I think we ought to know just how the present government proposes to deal with a problem of this vast extent, involving as it does almost a million of our population.

Mr. ROGERS: This point, again, has been raised in other years, and quite properly. As my hon. friend is aware, the appropriations are governed by estimates submitted by the Minister of Finance, and in these supplementary estimates provision will be made for expenditures for the relief of unemployment in a number of directions. For instance, last year in the estimates there was a special item covering grants in aid to the provinces, another for training for unemployed young people, another for drought relief, another for works to be done in cooperation with the provinces. The same practice will be followed this year, and I can assure the hon. member that the supplementary estimates will be

brought down with the least possible delay. This legislation, as my hon. friend has said, is simply the mechanism through which the dominion government is enabled to make expenditures for the relief of unemployment either directly or under agreements with the provinces. The actual amounts to be expended are set out in the supplementary estimates. The practice this year in this regard does not differ from the practice in other years.

Mr. WOODSWORTH: No, but it seems to me that the practice in this department does differ from the practice in a great many other departments. In other departments we are told what the plans of the government are. In connection with this department we have a very vague idea of what the plans are. Does the minister propose to follow the plans of the last six months? Does he propose to go no further than that? Rumour has it that the government has been considering a very comprehensive housing scheme. If so, it seems to me that at least an outline of such a policy should be given to the house. We are starting upon another twelve months with a vast number of our people unemployed, but we are not told what the policy of the government is to be. We have had the employment commission's report. The commission made a very lengthy investigation and presented quite a number of recommendations. We are not told whether the government is going to adopt any of these recommendations. I cannot see why this department should not outline to the house with some definiteness its plans for meeting unemployment during the coming year.

Mr. POULIOT: I should be sorry to be cruel to the minister, for whom I have a high regard, or to put him to any embarrassment. But here is the report of the national employment commission, and I should like to know how to use it. Suppose I am a contractor from Ottawa and I have the lowest bid for building construction of some kind in Quebec city. In going ahead, I desire to employ ten unemployed masons on relief, ten carpenters and ten painters also on relief in Quebec city. How could I use that report to locate them? It seems that the purpose of the report is to give such information to those good-natured men who are ready to be good Samaritans and help their fellow citizens who are on relief. I would be thankful to the minister if he would explain to the committee how the report can be useful in that respect.

[Mr. Rogers.]

Mr. WOODSWORTH: It seems to me, Mr. Chairman—

Mr. POULIOT: Just a minute.

Mr. WOODSWORTH: Pardon me; perhaps the hon. member for Temiscouata will kindly keep his seat until I get a reply from the minister. He injects himself into the discussion and then asks me not to continue my remarks.

Mr. POULIOT: I did not make any injections. The minister was not rising and I thought I could.

Mr. ROGERS: I shall do my utmost to satisfy both the hon. member for Winnipeg North Centre and the hon. member for Temiscouata. As to the specific policies which will be followed by this government in dealing with unemployment and relief, the matter of housing is one which has been under consideration by the Department of Finance, as my hon. friend is fully aware. I am not in a position at this time to announce legislation with respect to housing. Legislation on housing, if and when it is proposed to this house, will appear before the committee either in the form of a new bill or by way of proposed amendments to existing housing legislation. My hon. friend knows quite well however that I am not in a position to deal with that question at the present time. As to other measures dealing with unemployment and relief, there are several directions in which we have proceeded. There is, for example, the matter of grant in aid. Supplementary estimates will contain provision for a grant in aid, but I cannot anticipate the supplementary estimates and tell the hon. gentleman the amount of the grant in aid. He will appreciate that. As regards provision for youth training, announcement has been made in the speech from the throne that the plans for the training of young unemployed will be continued and extended during the present year. Until the supplementary estimates are down I am not in a position to tell him, and he will fully understand this, how far the plans will be extended during the forthcoming year. I can tell him, however, that these plans will be continued and extended.

As to other provisions for relief—land settlement, for instance—there are agreements with several provinces and provision will be made therefor. Relief settlement agreements apply only in a number of provinces. But again, the committee is aware that our experience in connection with the settlement of families on relief in rural areas has not been of uniform success. Provision will be made also to deal with the drought situation

in the western provinces, because the present provision has extended only up to the fiscal year. I would say, however, in that connection, that in July of last year, in order to bring about a more effective administration of relief in the drought areas, all relief in those areas was brought under the Department of Agriculture. In other words, that department now deals with both relief for human beings and relief in other forms in the drought area.

Mr. BENNETT: Which was a departure.

Mr. ROGERS: Yes, that was a departure from the former policy. With respect to most of these expenditures on relief, we have had to work in cooperation with the provinces. That, again, is not something new; it has existed from the beginning. In other words, through grants in aid and financial assistance we deal with those who are in direct contact with the administration of relief.

I understand the desire of my hon. friend for more ample information at this time. There are two courses of action that might be followed. We could bring in supplementary estimates first and then deal with the relief bill, but that would be illogical, because we cannot make expenditures under the supplementary estimates until we have the relief legislation. It is under this authority that money is expended for the relief of unemployment and agricultural distress, and therefore we proceed first with this bill, in order to obtain the necessary authority to make expenditures either directly or in cooperation with the provinces, and then bring in supplementary estimates, for which, of course, the government will be fully responsible when they are submitted. They will be fully exposed to the criticism of my hon. friend or of any others in the house on the basis of the policies therein outlined.

Mr. MacINNIS: I wonder if I could impress upon the minister how illogical it is to ask us to pass this bill without telling us what it is proposed to do under the bill. The minister says it would be illogical to introduce the supplementary estimates before passing this bill. I suggest that it is equally illogical to pass the bill before we know what is going to be done under it. There is another course that could be followed. The minister could put before us the program that the government has to deal with unemployment and agricultural relief for the coming year and the appropriations that would be necessary for the purpose. It is not necessary to place before the committee at the moment any supplementary estimates, but they should be put before us before we are asked to pass a bill of this kind. When this government went to the country in 1935 they made a definite and, in my opinion, a correct statement, that unemployment was the greatest problem facing the people of Canada. This measure, to assist in the alleviation of unemployment and agricultural distress, is the government's measure for dealing with unemployment for the coming year. Once this bill is passed they can do as much or as little as they please and the house will have little to say in criticism.

Mr. ROGERS: The estimates will be brought before the house.

Mr. MacINNIS: Yes, but when this bill is passed we shall have either to pass the estimates or to refuse to pass them. If we had beforehand some indication of the government's program we could more readily consent to the bill.

Mr. COLDWELL: Is the minister aware that the hon. member for Winnipeg North Centre and the hon. member for Vancouver East have just stated an opinion that is held very widely in the country and in this house? I know that a resolution was brought down foreshadowing this bill. We have had the bill before us, and yet we have no information regarding the government's intentions. It seems to me that with this pressing problem, as with other pressing problems, it is in the interests of the government and of the minister himself that the house should be taken into the full confidence of the administration. It strikes me, as it does many others in this house, that there is too much secrecy with regard to the intentions of the government and the legislation to be placed before parliament, and I would therefore impress upon the minister the fact that the opinions that have been expressed this afternoon are opinions that are very widely held throughout the country and among members on both sides of this house.

When the minister rose first to speak in this chamber two years ago we all looked to him to give a real lead in the solution of the unemployment problem; but in two years very little of a constructive nature has been accomplished, and when we examine the report of the national employment commission it is with a great deal of misgiving that we see recommendation after recommendation either not considered, or no action or only partial action taken. Throughout this country, as those who have been across it within the last few weeks must be aware, there is a rising tide of discontent with the inactivity of this parliament. As one who believes in democracy

and the maintenance of our democratic institutions I say that the present government of Canada is doing more to undermine our democratic institutions than all the subversive propaganda that can be spread across the country. Everywhere one hears criticism of the inactivity of the present parliament. Last session was closed hurriedly so that some of our members and representatives of the government could attend the coronation. This year we have been sitting now for over three months and virtually nothing has been done. In the interest not only of members of this house but of parliamentary institutions, this house should be taken into the confidence of the government more than it has been, and we should be told precisely what bills of this description foreshadow before we are asked to give approval to them.

Mr. POULIOT: I rise to the defence of the minister in that respect. In answer to what the three hon. gentlemen have just said, let me state that the government must be empowered by parliament to act with regard to unemployment. This is why the bill is now before the committee. In order to do something the government must first be given the power to do it. There is a very good reason for this procedure; it is that when the bill is discussed in committee every member of the committee can make any suggestion, and I am sure that the minister has taken careful note of the suggestions which have just been made by the three hon. members who have spoken. It is after having full knowledge of the needs of their own constituencies and those of hon. members who sit here now that the government can meet in council and see what according to their judgment it is best to do under the circumstances. If this bill were passed as expeditiously as the divorce bills, probably there would be before the committee an item in the supplementary estimates dealing with the matters just referred to by the hon. gentlemen. The sooner the bill is dealt with the sooner the government will be in a position to submit concrete figures and give the information asked for by the hon. gentlemen. On the other hand, since I have been a member of this house I have repeatedly been told that the meetings of the privy council are secret, and that the ministers are pledged not to divulge anything that goes on in the council. It would be most improper for the minister to mention any discussion that has taken place in council before the quorum of council decides to give it to the house and the country. I am sure that these explanations will be satisfactory to the hon. gentlemen.

[Mr. Coldwell.]

May I make a suggestion to the minister? Until now every government in this country, every legislative body, whether federal or provincial, has paid attention only to the unemployed on relief. There is another class of unemployed deserving of equal consideration; it is the class of unemployed not on relief. Let me illustrate. As to the case of a family of five—father, mother, and three children on relief—I need not give any further explanation. But take the case of a father and mother not on relief who have to look after their children and support them just the same. Suppose there are boys or girls capable of working, say one girl and two boys of ages from eighteen to twenty-four. They have no work, and the family is looking after them. This kills their initiative. These young men deserve consideration. This morning in the civil service committee Sir Francis Floud, British high commissioner, gave most interesting information about the entry of youth into the British civil service.

The CHAIRMAN: Order. It is not in order to refer to anything that has taken place in a committee of the house until the committee has made its report to the house.

Mr. POULIOT: It was just a brief reference, and I am through with it. But I am surely in order in speaking of those who should be within the scope of this bill but who are not. In those homes where the father supports his children who are unable to find work there is as much worry as in the homes of the unemployed on relief.

An hon. MEMBER: There is often more.

Mr. POULIOT: There is often more. Very often I have conversations with these people, who come to me and say, What can I do with my children? They are ready to work but they cannot get a job. That is a most serious matter, which should be looked upon from an entirely non-partisan standpoint. I know that the minister is very sympathetic to those cases. On the other hand there is no government in this country, and very few governments in the world, which look after those young men. I understand quite well that governments are interested in the question of employment for those to whom they pay relief, which would lessen the burden of taxation. That is a sane view, but they must not forget the other side of the picture, that people are sometimes very hard up because their children cannot get work.

I leave that to the consideration of the minister. I again ask him to be kind enough to tell the committee how we can use the sta-

tistics of the final report of the national employment commission according to the example which I have just quoted.

Mr. ROGERS: First I thank the hon. member for Témiscouata for directing attention to the proper relationship between this bill and the supplementary estimates which will follow. On that point I would simply say that had there not been established the practice of having annual bills, no question of the kind just raised by the hon. member for Winnipeg North Centre would have arisen. In other words, the policy of the government in relation to unemployment would have been set out in supplementary estimates and debated when those estimates were before the house. But for some years we have proceeded by way of annual legislation. I am quite free to confess that sometimes I have been in doubt as to whether that was a wise policy; as to whether it might not be preferable simply to put through legislation which would extend without limit of time. However, we are proceeding in this way. This method does not differ in any respect from the way in which we have dealt with this question in previous years, and clearly the government will be responsible for the estimates submitted to this parliament to deal with unemployment and relief, and at that time there will be the fullest opportunity for any hon. member to take exception to what we are doing, to criticize us either because we have gone too far or because we have not gone far enough.

A moment ago one hon. member referred to the fact that he had expected that this government would have been able to accomplish more in the way of solving unemployment than had been the case during the past two or three years. I need hardly say that the wish to make progress in the solution of this problem is felt on this side of the house as strongly as in any other part of the house. As a matter of fact when we see the actual reduction of what might be termed the controllable unemployment in this country I think we have good reason for satisfaction. The other day I received from the League of Nations economic section a statement dealing with unemployment in all countries reporting to the league, and the position of Canada is one that at least gives us cause for satisfaction in a comparative way. I am quite sure that other hon. members of this house have had an opportunity of seeing at close range the results that have accrued in other countries with respect to unemployment policies. It is a problem that has been with us steadily since the war years. I imagine it would be fair to say that almost every proposal that has been put forward in this country has been adopted by the administration in the United States, yet the situation with regard to unemployment in that country at present is worse rather than better than it is in this country. I do not say that with any satisfaction; I merely point it out as illustrating the fact that we are dealing with a problem which appears to be inherent in the economic structure which has grown up following the great war.

At this time I am not going to attempt to deal with the immediate and remote causes of economic insecurity. That problem is with us. As I have said on other occasions, it is undoubtedly the great problem of our generation; but I am bound to say that in my most optimistic moments, when I came to the Department of Labour, I did not feel that we were going to be able to liquidate this problem completely in two or three years. I felt that by following wise policies and by assisting natural economic laws we would make definite progress, and I think we have made definite progress. I think we have some cause for satisfaction in that. I agree, however, that we have no ground whatever for that kind of satisfaction which leads to inertia. I fully accept the suggestion that this government must face this problem as it exists at the present time and as we believe it is likely to develop in the next twelve months; and I am bound to say that there are certain obscurities in the unemployment situation as it may develop in succeeding months. The government has its responsibility in connection with that problem, and I can say very definitely that we shall meet that responsibility with the light that we have when the supplementary estimates are brought down.

Now I must give a belated answer to the hon. member for Temiscouata, who has asked just what service might be rendered by the statistical compilation contained in the report of the national employment commission. I would say to him that this statistical compilation or classification of the unemployed is only one, the most recent, monthly calculation made by the registration staff of the commission. It does not represent a complete report. The registration is a continuous process, and one of the great advantages has been that the municipalities that report to the registration branch now report upon the basis of an agreed classification of the unemployed. Not all that information, of course, can be presented in press releases from time to time, but the municipalities themselves, and through the municipalities the relief offices and the employment service, can have the benefit of a more accurate classification of the unemployed on relief than

existed before the registration was commenced. The results obtained under the registration are by no means perfect as yet. There are certain delays incident to the dependence of the registration branch upon the municipalities for these returns, which are longer than one could wish, but we are dealing with the registration upon the basis of its performing a very useful service, and certainly we have understood from the municipalities concerned that they appreciate the service rendered in this respect.

Mr. POULIOT: I thank the minister for what he has just said, but on the other hand it is impossible to use in any practical way the report of the national employment commission. What they have accomplished during nearly two years, at a cost of over $400,000, is worth absolutely nothing, and I should like the minister to admit it. It would be much better for him to admit that the report is no good, throw it in the waste-paper basket and start anew. That is my humble contention. Why keep it as an heirloom, this blue book which is of no use? There are waste-paper baskets in every room in this building; there must be some in this chamber. If not I will throw it on the floor. It is no good. Moreover I say that those who signed this report, instead of being praised for having performed a splendid public service, should be severely censured by this house because they did a bad job; just the same as a bootblack who does not shine your boots well; just the same as a gardener who ruins your rose bush; just the same as a cook who burns your meat; just as any other employee is censured. They were working for us.

There is one thing I have wanted to say for a very long time. It is that in this country we have a false idea about men in the public service. Mark you, sir; it has come about that a man is judged by the position he occupies, though very often it is the position that makes the man and not the man that makes the position. It makes all the difference in the world. Also if a man is very well off, if he is a millionaire, he is considered a supplementary edition of the Encyclopedia Britannica. We have a false idea about these things. A man may be a millionaire and a very able man in his own domain; a man may be a millionaire and not be an able man at all. He may be a millionaire by luck, just as a prospector may find a gold mine and sell it for two million dollars; he is a lucky man, and there are such. There are men who become millionaires because of their own brains. That is all right; they have certain experience in regard to certain things. It is true that the chairman of that commission employs a large number of men; I admit that, but among the men on his payrolls we do not find one single unemployed. This is something that certain hon. members seem to have forgotten. The report which is now on the floor deals with the unemployed, not with the employed. This man who is a great employer knows nothing about the unemployed. He does not know as much about the unemployed as any hon. member who receives them in his office or visits them in their homes.

Because a man is a leader in industry, it does not follow that he is a leader in every domain. Some think that because a man is rich he must therefore be a deep well of knowledge about everything. I do not say that such a man has not considerable knowledge, but the fact remains that those who consider that a man is a deep well of knowledge simply because he is a millionaire are worshipping the golden calf as they did in olden times. They are worshipping a bankroll. I am not against millionaires, but Mr. Purvis did not do a good job because he is a millionaire. That job was a rotten job. I have said that already and I shall repeat it just as long as I refer to this matter.

The hon. member for Winnipeg North (Mr. Heaps) said last night that Mr. Tom Moore was not here to defend himself. Of course he was not here. His place is not in this house and he cannot be here unless we call him before the bar to give an explanation about the way he has acted. We discuss certain things among ourselves just as Mr. Purvis and his directors discuss certain things in the board room. This House of Commons is our board room. I am always surprised when we are told not to say anything about a public servant who cannot be here to defend himself. No one is attacking these people; we are simply judging them. If I say anything unpleasant about one of my colleagues, I may be considered to be attacking him because we are both on the same footing. But on the other hand I have the right to judge a man in the public service, either favourably or unfavourably, according to the dictates of my conscience. I have not attacked anyone; I have been judging. I have judged this man severely because he has been wrongly boosted. I ask the minister to do the same thing as I did—to throw this report on the floor where the sweeper can come along and put it with the other garbage.

Mr. GREEN: Might I ask the minister the present situation with regard to the single unemployed? A serious situation is developing on the Pacific coast in connection with em-

ployable young men who are drifting into the cities, particularly Vancouver. I understand that the forestry projects have been or are being closed up and that as a result a total of about 5,000 men will be released. There are also many young transients drifting in from the prairies. Apparently the province will do nothing about caring for these men from the camps and the city must either feed them or face the possibility of riots. In other years there has been trouble of this kind; for example these men have gone out with tin cans and put on unofficial tag days, with the result that hundreds have been put in gaol in the last two years, although they are not criminals in any sense of the word. Many of the men are returned men. The city must either take care of them or adopt these drastic measures.

I do not know the situation with regard to the young men who have been placed on farms. Perhaps they have a chance of obtaining work during the summer on the farms on which they were placed during the winter, but the men from the forestry camps cannot be taken into the forest industries of our province in any large numbers. The minister has stated that the government intends to initiate works which will take care of many of these men. I suggest that the government should assume responsibility for the men coming out of the forestry camps and other transients until such time as they can be placed on these government works, as was done two years ago when men were placed on railway maintenance work. I cannot over-emphasize the seriousness of the situation. We are likely to have riots in Vancouver within the next few days, because the city simply cannot provide for these men. I urge upon the government the necessity of prompt action, and I should like the minister to tell us now what the government proposes to do about it.

Mr. ROGERS: The problem of transients and single homeless men has been dealt with in two ways in the past few years. In the prairie provinces we have provided for them by means of the farm employment plan. That plan has usually gone into operation in October and continued until the first of May, the termination being set by the normal resumption of seeding operations throughout the western provinces. During the past year we have had placements of up to 45,000, in round figures, in the three western provinces. The report suggests, and our experience confirms it, that because of the placing of these single homeless men on farms, for the time being at least there has been a relief of the pressure upon the larger cities and towns in the western provinces. As a matter of fact, an officer of the Department of Labour travelled to western Canada and British Columbia a few weeks ago to review the entire situation.

Mr. GREEN: The fact is that the farm placement scheme has hardly been used in British Columbia.

Mr. ROGERS: I quite agree. It was realized in the beginning that the farm employment plan would have a very limited application in British Columbia and it was therefore supplemented by the forestry plan carried out in cooperation with the provincial government. That plan has continued normally from either October or November up until the first of May. That has been the situation during the winter months of this year. It is true that advices have been received recently that due to the slackening of woods operations in British Columbia there has been an increase in the number of single unemployed and transients in the city of Vancouver, but we are keeping in close touch with developments. It always has been a problem to decide when these forestry camps could be suitably closed. We are watching the situation very carefully in cooperation with the provincial government. There never has been a time to my knowledge when these special plans have been continued through the summer months. They have been designed to afford employment and shelter to this particular group of unemployed during the severe winter months.

Mr. GREEN: It does not help very much to watch the problem; something should be done about it. The minister has admitted that the situation this year with regard to work in the forest industries of British Columbia is not as good as formerly. I suggest to him earnestly and with as much force as I can command that these forestry camps should be kept open until these men can be placed at other work, such as the projects which the government has in mind. The situation is serious and the city has its back right up against the wall. The federal government watches the situation, the provincial government watches the situation, but the city has to deal with these men. This means that home-owners in the city have to pay the shot. It is entirely unfair. I think the situation is far more serious in Vancouver than it is in any other city in Canada, and I would ask the minister if these camps cannot be kept open until something is done about giving the men work.

Mr. MacNEIL: With regard to the five or six thousand young men concentrated in Vancouver, and who are without employ-

ment, may we hear from the minister what provision is being made now for these men? Special provision was made by the Vancouver city council for ex-service men included in that group; was that provision supported in any degree by his department?

Mr. ROGERS: As to the special provision that has been made for single unemployed men in British Columbia, the agreement has been extended through the present month, and under the arrangement made the men in the forestry camps receive deferred pay, so that certainly the majority of those leaving the camps would have some of their deferred pay coming to them in the ensuing weeks. I am not able to say just at the present time how many of those men are in a position where they might be dependent upon the city of Vancouver or any other municipality in British Columbia to which they might go. We do not ourselves control the administration of these camps, as my hon. friend is fully aware. We contribute under an agreement with the province toward the care of the single unemployed men during the winter months. It is a matter for consideration whether it is wise to close the camps now or later. That question, as I have said, has been before us in other years, and in dealing with it we shall naturally be guided by the best opinion we can obtain as to the need for continuing these camps beyond the date now set for their termination.

Mr. LANDERYOU: I do not agree with the minister when he says that the war is responsible for unemployment.

Mr. ROGERS: I do not think I said that.

Mr. LANDERYOU: He blamed the war as one of the reasons why people are unemployed.

Mr. ROGERS: One of the unsettling factors.

Mr. LANDERYOU: People are unemployed simply because they cannot secure work, and I want the minister to give us the reasons why they cannot secure work. He cannot tell us that there is not plenty of work to be done. There are many undertakings which this government, the municipalities or private individuals could enter into, and yet we are trying to attribute unemployment to the war. I cannot understand it. It might be due to some extent to the financial obligations that accrued to succeeding generations that have come after the war.

The employment commission has said that relief rates are competing with wages. In Calgary at the present time the unemployed are on a relief strike. They are simply asking for a living scale that will provide them with sufficient food, clothing and shelter to keep them from starving. I should like to know, and I think the committee would also, what the relief scales are in the Dominion of Canada —the highest scale that is paid, and just what is the scale that is paid anywhere in Canada that is competing with wages.

Mr. ROGERS: Mr. Chairman, I must express regret that I have not replied as yet to the question raised by the hon. member last night. I had a memorandum prepared on the point and intended to take it up in the course of the discussion this afternoon.

We do not have a record in the Department of Labour here of the relief scales in the various municipalities. I have already explained that to my hon. friend, and he understands it. As a matter of fact, there is a great diversity of relief scales as between provinces and as between municipalities within a province. Not only that but the relief scales change from one season of the year to the other, the highest being in the winter months because of the additional expenditure required for fuel.

Mr. LANDERYOU: In the larger cities the scales do not alter very much; they are fairly constant.

Mr. ROGERS: At the same time there is some variation of scale. We find that from the accounts submitted to us by the provinces in the different seasons of the year.

I have here the per capita monthly cost of material aid—that is fuel, food, clothing and shelter—for the nine months ending December 31, 1937, which is the latest date to which a complete accounting has been made. What I am now going to give, I want to make clear, is the per capita monthly cost. This does not mean that these are the relief scales operating in the various provinces. It includes food, fuel, clothing and shelter. The figures are: for the dominion, $6.43; Prince Edward Island, $2.24; Nova Scotia, $4.49; New Brunswick, no report because material aid is not administered in that province; Quebec, $6.10; Ontario, $7.77; Manitoba, $6.50; Saskatchewan, $5.45; Alberta, $6.78; British Columbia, $7.67.

I also have here the monthly per capita cost of material aid in the principal cities of Canada. Here again I am not giving the relief scales but the monthly per capita cost: Charlottetown, $3.22; Halifax, $4.28; Sydney, $4.46; Hull, $5.04; Montreal, $7.65; Quebec, $5.34; Hamilton, $8.61; London, $8.75; Ottawa, $9.41; Toronto, $8.45; Greater Windsor, $9.47; Winnipeg, $9.96; Regina, $10.37; Saskatoon, $9.59; Calgary, $10.24; Edmonton, $9.41; Vancouver, $9.03; Victoria, $8.81.

To get a comparative idea of the cost per family it would be necessary that the per capita cost be multiplied by the number in the family, because the per capita cost covers, of course, adult as well as child members of the family. Take, for instance, the Calgary rate of $10.24; if the family consisted of two adults and four children, the monthly allowance would be $61.44 per month. That is averaged for the nine-months period, and is simply based on the records that we have. I would like to make it clear that it is not a definite relief scale, because we do not receive the relief scales.

Mr. LANDERYOU: What is the relief rate that comes into competition with the wage rate? The minister need not mention where it is.

Mr. ROGERS: I think I made it clear before that the agreements were not designed to prevent that abuse in any particular locality but rather in general to prevent competition as between relief rates and normal earnings. The prevailing wage under the fair wage contract provision varies between cities, though not greatly, it is true. But the cases where you would have conflict would be exceptional.

Mr. WOODSWORTH: A few minutes ago the minister seemed to derive some comfort from the "very considerable progress" which had been made in lessening unemployment in this country. I do not think that that expression conveys a correct appreciation of the situation. I notice that in the last year, in April, there were being assisted a grand total of 1,215,476 That dropped gradually until August, when the number assisted was 759,009. Then the numbers began to increase steadily.

Mr. ROGERS: They always do, seasonally.

Mr. WOODSWORTH: Yes, quite so. But they are up in March to 1,170,480, almost where they were in the corresponding month of a year ago.

Mr. ROGERS: Chiefly due to drought relief.

Mr. WOODSWORTH: Partly to drought relief.

Mr. ROGERS: Chiefly due to that.

Mr. DUNNING: There is a tremendous increase there.

Mr. WOODSWORTH: The minister can say that, and I am not accusing him of purposely trying to slide from under, but I would say that his whole method of handling the situation makes it extremely difficult for us to know where we stand.

Mr. ROGERS: We separate the figures every month. My hon. friend can of course take the totals, but we always separate them.

Mr. DUNNING: Observe the drought relief figures, and that will show the difference immediately. The drought relief figures account for the increase.

Mr. WOODSWORTH: But the point is that there is no material lessening of the problem of unemployment.

Mr. DUNNING: Yes; definitely.

Mr. WOODSWORTH: I fail to see it. I have been listening to the statements of the minister—

Mr. ROGERS: If my hon. friend will permit me: he will recall that when I spoke to the resolution before the Easter recess I gave a survey of the actual improvement in unemployment figures of relief in four sections of Canada: the maritime provinces, Ontario and Quebec—central Canada, which of course is chiefly influenced by economic factors—western Canada, and British Columbia. In British Columbia, as I recall it, the improvement was thirty per cent in the two year period. In the maritime provinces, the improvement was about eighty per cent. In Ontario and Quebec, central Canada, the improvement was roughly forty per cent in the two year period. The increase in relief figures was in the prairie provinces, and that increase, as I recall it, in Saskatchewan last year was over one hundred per cent.

Mr. DUNNING: That is right. They are all employed.

Mr. ROGERS: Of course you cannot properly speak of those who are receiving drought relief in agricultural areas as being unemployed. I am sure my hon. friend appreciates that.

Mr. WOODSWORTH: Quite so. That was why I objected a while ago to including all of these classes needing assistance in one bill. I think it would aid greatly in clearing the situation if we had one bill dealing with the question of unemployment and included in that bill the definite recommendations which this government is prepared to make with regard to how the matter should be dealt with. That is what I am pleading for right along.

As far as the present situation is concerned we have had from the minister a most unsatisfactory statement as to what is likely to be done in British Columbia. Some of us had to take quite an active part in the house three or four years ago, when there was a trek of the unemployed and the Regina

trekkers, as they were called, were coming east. Does the statement of the minister not mean in effect that this government is going to wait and wait and watch and wait until there are riots in British Columbia, and then when there is rioting we shall turn out the mounted police and people will be killed? Is that what it means?

An hon. MEMBER: That is what he is waiting for.

Mr. WOODSWORTH: Is the minister waiting for that? I know the minister is a humane man; I have known him for a good many years.

Mr. ROGERS: Then why suggest he is waiting for that?

Mr. WOODSWORTH: I hate to say that, but that is the logic of the situation, and it does seem to me that those of us who have been through this kind of thing three or four times already must point out the possibilities to the minister. I urge that he ought to take the matter very seriously and not simply "watch" the situation until some untoward incident happens and then be forced to come to the relief of the citizens.

In my own city things are hardly as bad, but about a week ago, during the Easter recess, I sat in with a special committee of the city council of Winnipeg. They were almost in desperation as to what to do. They were urging a housing scheme. They pointed out that there are 5,700 employable male heads of families on relief. Of that number, 850 are building trades artisans and 1,200 building trades labourers. They urged that the best thing that could be done was to launch some sort of slum clearance and housing scheme. What is the government preparing to do? The farm relief plan to which the minister referred, when dealing with matters in Vancouver city is not going to help either the single unemployed or these artisans in Winnipeg and their families. All the goodwill which the minister may express in this chamber is not going to help. We must have some plan worked out by which these men can be given work. That has to be done, and that, this government is not doing.

I shall make one more reference to a frequently quoted document, and then I shall have done, for the time being anyway—

Mr. BEAUBIEN: May I ask the hon. gentleman just one question: did the ratepayers of the city of Winnipeg vote last fall in the municipal elections against a housing by-law?

Mr. WOODSWORTH: I am not prepared to discuss that. I do not for the moment recall whether they did. In any case the answer would involve the whole question of the terms of the by-law. I am not going to discuss the provisions of a particular by-law which Winnipeg might or might not be able to finance; what I am emphasizing is the necessity of this government instituting some scheme by which this building labour can be employed.

I was about to refer to a statement made by the present Prime Minister (Mr. Mackenzie King) on the night of the general elections, October 14, 1935. One paragraph of his speech, which deals with this particular question before us, is as follows:

> In the new era which dawns to-day, the struggle for the rights of the people will, in the realm of economic liberty and security, be carried on as never before. Poverty and adversity, want and misery, are the enemies which Liberalism will seek to banish from our land. They have lain in wait at the gate of every Canadian home during the past five years, and their menacing mien has served to destroy the souls, as well as the minds and bodies, of an ever increasing number of men, women and children in our land. We take up at once, as our supreme task, the endeavour to end poverty in the midst of plenty, starvation and unnecessary suffering in a land of abundance, discontent and distress in a country more blessed by Providence than any other on the face of the globe, and to gain for individual lives, and for the nation as a whole, that "health and peace and sweet content" which is the rightful heritage of all.

Mr. LANDERYOU: He did not blame that on the war, did he?

Mr. WOODSWORTH: What do we find in this measure before us? Something which is much along the line of previous years. Remember that this government has now been in power for three years.

Mr. DUNNING: No.

Mr. WOODSWORTH: Well, this is the third session. The statement which I read was given in October, 1935, and we are getting well on into the third session. We have had a special commission dealing with the matter. The commission has reported. The government has had ample opportunity, even since this house has been in session, of drafting its plans. Yet what do we find? I am going to read one paragraph from this bill.

> The governor in council may—

Note that. You may say it is a legal phrase, but it is very suggestive.

> The governor in council may out of moneys appropriated by parliament authorize the execution of such undertakings as the governor in council may determine to be in the general interest of Canada and requisite for the pur-

poses of this act, and for such purposes may authorize the performance of such acts and the execution of such agreements and contracts as the governor in council may deem necessary and expedient.

That is all we have in this third year. The government may do something; the government is to have power to do something. This type of legislation introduced some years ago as emergency legislation is coming to be the regular thing, and in spite of protests throughout the session, in spite of persistent protests, which perhaps the government regards as unwarranted, we cannot get anything except "Oh well, wait until the supplementaries are down." I should like to know what is going to happen then. Last year we were told to wait until we received the report of the employment commission, and the wonder is that we have not been told to-day in connection with grants in aid that we shall have to wait until the Rowell commission reports. In the meantime the people are suffering and many of our municipalities are bankrupt. It is absolutely unreasonable that this house should be asked to accept these very general statements that have been made to-day with regard to what the government proposes to do in this matter, which even the minister himself suggests is about the most important before the country at the present time.

Mr. DUNNING: The hon. gentleman says that nothing has been done outside this emergency legislation. I think he will be fair enough to admit that within the last two years $30,000,000 in connection with home building and home improvement has been spent in Canada, made possible by virtue of legislation apart altogether from this. My hon. friend says that that is nothing, but competent authorities say that eighty-five per cent of that $30,000,000 went into wages, and that must have contributed something towards easing the problem.

Mr. McIVOR: It is a common practice on this side of the chamber to have a crack at the government, but that does not extend all the way across, and I hope that I shall always belong to that group of people who judge justly and give honour to whom honour is due. The statement has been put on Hansard frequently that this government has done nothing. As I see it, the function of the government is to pass legislation in the interest of the citizens. Before I came here this session I was asked most vigorously to encourage the Minister of Labour to keep on doing what he has been doing for the youth of Canada. No one can say that nothing was done last year for them. Much of the cause of unemployment at the head of the lakes, to whatever extent unemployment exists, was the lack of a crop in Saskatchewan and in the drought area in the western provinces. No one can stand up and say that nothing was done for Saskatchewan this spring, that no legislation was passed for that province in connection with fodder and feed and grain. I do not think that any man can be honest and make the statement that nothing has been done for Saskatchewan and Alberta.

What is the cause of unemployment? When we get that question clearly settled we shall be able to get somewhere. The Minister of Labour reminds me of a little fellow who used to do some boxing; when you thought you had him down he would bob up again. I am glad to see the minister coming to the top so frequently, and if I may be pardoned a colloquial expression, I would urge him to step on the gas and continue the good work he is doing for the youth of the country. He will find that they are behind him. I would also urge the government through him, or through some other source, to complete our great highway, and if possible, to do even more than has been done in connection with small houses, because in my opinion there is nothing that will create so much employment as the housing scheme.

Mr. BEAUBIEN: May I offer a suggestion or two to the minister in connection with this bill, so that when the supplementary estimates are brought down he will have my views before him on a certain phase of the work that has been carried on up to the present time.

Last fall I had the pleasure of joining the minister when he visited my riding and inspected the youth camps that were established in the Sandilands forest reserve. Three camps were established there under an agreement with the province. They entailed an expenditure of $100,000. There was accommodation in each of them for ninety young men. When the minister visited the riding we went to these camps together, and the boys there gave him a reception of which I think he ought to be proud. It was a reception that told him that these boys appreciated what he as Minister of Labour and his efficient staff were trying to do in order to solve a part of the youth problem. There were 270 boys in the three camps. They were paid 21 cents an hour and the work they did was really beyond anything I expected myself in the way of clearing fire hazards. That is something that is greatly beneficial to any forest reserve. The work instilled a sense of discipline in the boys and made them feel

that they had some responsibility and were playing a part in the affairs of Canada. Personally I take a very deep interest in these camps, not because I expect any political advantage, but because I think they are a splendid thing. The boys were well disciplined, they had a keen sense of their responsibility, and in talking with the officials in charge of the camps I discovered that nearly seventy-five per cent of the wages they were receiving after their board had been paid was assigned to their dependents either in Winnipeg or wherever they had come from. After paying their board they had $16 or $17 left for the month and nearly seventy-five per cent of that was sent to their dependents.

Mr. ROGERS: And that was done voluntarily.

Mr. BEAUBIEN: Yes, there was no compulsion about it. When the minister brings down his supplementary estimates, after the house has allowed him to pass this bill authorizing him to do so, I hope he will not forget to give these boys full consideration. I hope he will increase the grants in order to continue these camps and so take care of our youth. In my opinion, the plan of forestry camps is one of the best schemes for the youth of Canada undertaken by this government, and I wish to commend the minister. I would ask him not to forget to increase the amount when he brings down his estimates.

Mr. PERLEY: This bill provides that the dominion government may authorize the execution of certain undertakings in the provinces. We should have a more definite statement from the minister with regard to projects that may be undertaken in the provinces. The season is getting late and road work and other development work should start. Surely the provincial governments and the government here at Ottawa have conferred on these matters.

The hon. member for Temiscouata (Mr. Pouliot) on behalf of the minister invited suggestions. I am therefore going to make a few suggestions regarding projects which if carried out would be of benefit not only to the provinces but to the whole dominion.

I suggest that the government should undertake the establishment or development of several national parks, particularly in Saskatchewan. I shall mention only one or two, although there are many parts of the province where parks could be established. First there is the Moose Mountain district. That district is in the constituency of the Minister of Agriculture (Mr. Gardiner), so I know I shall have his support in this anyway. The Moose Mountain district is very picturesque, well treed, with many fresh water lakes teeming with fish, and among visitors from the United States it is fast becoming a popular summer resort. Then in the Qu'Appelle valley near or surrounding the Qu'Appelle lakes is an excellent locality for a national park. The winding Qu'Appelle valley is one of the beauty spots of Saskatchewan, and is already a popular summer resort, United States visitors coming even that far north.

In order to get to these parks, when they are established, roads will be necessary. I suggest the construction of hard-surfaced roads north from the United States boundary through the Moose Mountain district, connecting with No. 9 highway and proceeding north to the Qu'Appelle valley, entering the Qu'Appelle valley at the foot of Crooked lakes, and winding right up to Fort Qu'Appelle. It should be hard-surfaced at least as far north as the Qu'Appelle valley. It would cross No. 1 highway near the main line of the Canadian Pacific railway, and tourist traffic could then turn either east or west; it would at least be in the province. Building and hard-surfacing the roads and development of the parks would provide work for thousands of men now unemployed.

I have here a statement of what the tourist trade meant last year to Quebec—$77,000,000 to that one province; so it is easy to see what it must mean to the whole country. I quote from a speech made in Regina on Monday last by Governor Langer of North Dakota, to representatives of boards of trade and the Saskatchewan motor club. It is recorded that Premier Patterson was there and Hon. Mr. Dunn, the minister of highways. The governor of North Dakota condemned the highways in Saskatchewan as disgraceful. That is something for us to consider, that the governor of a state just to the south should come to Regina and declare that the roads in Saskatchewan are a disgrace. He stated that last year tourist traffic had brought $10,000,000 to the state of North Dakota. He said it was only logical and right to suggest that the province of Saskatchewan endeavour to get this tourist traffic to come further north, but he said that when tourists enter Canada at the southern boundary they go a few miles and then turn back discouraged by road conditions. This is something that we should take into consideration. Such a project would mean much not only to Saskatchewan but to other parts of the dominion as well. I know the Minister of Finance regards the tourist trade as very important, and it would be a great help to Saskatchewan to develop tourist traffic there. The government would do well

to consider this suggestion and assist the provincial government by spending money on projects such as this.

Mr. WARREN: As a new member of this house I have had very little to say, but I have listened—sometimes with interest, and sometimes otherwise—to a great many speeches since coming here. We on this side have been keeping rather silent regarding this question of unemployment, but we have heard innumerable speeches on it from the opposite side. Anyone who is fortunate or unfortunate enough to be getting copies of Hansard would form the impression that this dominion is teeming with unemployed men and women and with men, women and children who are not properly clothed or housed or fed.

Mr. JOHNSTON (Bow River): Isn't that a fact?

Mr. WARREN: If it is I am not aware of it. Certainly it is not in my riding. Where are they? I should like hon. members who are always telling us of these people in dire distress to tell me just where they are.

Mr. JOHNSTON (Bow River): Read the report of the welfare board in Ottawa and you will find out.

Mr. WARREN: Well, let us take Ottawa. How is it that young men from the counties around Ottawa can come right in from the farms and pick up jobs here in the summer? Why is it that girls from the counties around Ottawa can come in and get jobs any time they want, at good pay? Go into the country in the Ottawa valley and look for young men who cannot get a job. I do not know where they are. Our farm boys can get jobs anywhere in the country—

Some hon. MEMBERS: Oh, oh.

Mr. WARREN: Well, take my own riding. I was elected in the spring of last year, and any time I visited Pembroke after my election I would meet numbers of men supposed to be unemployed looking for jobs. But I could go out through the farming districts and never hear a word of unemployment. Our boys go out and find their own jobs, and our girls do the same. I met two girls on the train a couple of weeks ago, and I knew as soon as I saw them that they must have come from Renfrew county; they do not grow girls like that in the cities. They told me they come in here in the fall after working on the farm in the summer and can choose jobs out of seven or eight offered and go to work immediately at $35 a month with board and lodging. I could take you to one restaurant in this city where three sisters from one of the farms out here in Russell county are working at good pay; at least when they come out of the door you see them dolled up in fine fur coats.

If you want me to I can tell you just why you have so many young people asking for relief in the cities. Here is an example. I mentioned the two girls I met on the train, who were working in the city. One of them had to go home for Christmas. Her mistress was a very fine woman to work for, and she went to a family on relief in the city where there was a girl eighteen or twenty years of age, and offered that girl $1.50 a day to come and stay with her during those two weeks. The girl came. She was no good but the woman wanted her to stay anyway. She would not stay; she went back on relief. These young people from the farms get jobs because they are not only willing to work; they are eager to work. They attack their work with eagerness, and because they have that ambition they can come right in and take jobs from under the noses of people living in cities and towns.

An hon. MEMBER: They must be Liberals.

Mr. WARREN: They are good people, anyway. I think it is a godsend to men or women to have been brought up on a farm where they learned how to work without depending on the government to support them. That is one of the curses of the situation we are drifting into; we are sending out propaganda all over the country getting people to think that the federal government should take charge of all their worries, instead of educating our people to use their own initiative to make a living.

Mr. LANDERYOU: Where can they get work?

Mr. WARREN: How do our boys get work? They just drift away and get jobs anywhere they want them. I can tell you that as far as North Renfrew is concerned there was not an employable unemployed man getting relief for the last six months of last year.

Mr. LANDERYOU: That is a small section of Canada.

Mr. WARREN: Perhaps it is, but when will we ever get rid of relief? The suggestion is that the federal government ought to assume the responsibility, and we had the mayors of the cities getting together and insisting that the federal government take over all this burden of relief. When will we ever get rid of it? Take all the responsibility off the municipalities and you will have relief forever. In the township in which I live, and

in most of the townships in North Renfrew, we never went on relief; we were afraid to start it because we thought we might never get it stopped. There were times when we could have put a third of the township on relief if we had wished; they were just as deserving as a great many other people on relief, but we did not do it, and we pulled through. If we ran across needy cases we looked after them out of our own township funds, rather than have the reputation of going on relief, and I could tell you of villages that did the same thing. I remember one case in particular, where we fought for a year or two to keep a certain family off relief. Finally the man's house was burned down and he flitted away; but before he flitted away he bought a brand new Ford car to go away with. Recently that man went through our municipality with a trailer behind his car and his wife sitting at the table all dolled up with a nice new permanent, doing fancywork. Just the other day, however, I received the greatest shock of my life when, as reeve of Wilberforce township, I received a bill charging us with $192 for relief for this man, who had drifted into a city or town where he had been able to pull the wool over the eyes of the authorities. He was a young man, able to do any kind of work.

Some hon. MEMBERS: Oh, oh.

Mr. WARREN: That is what we are up against. Hon. members may laugh. They talk as though this government has not done a thing. The other night I was at a farmers' meeting. One of the farmers said to me, "Have you done a single thing since you went to Ottawa?" He kept repeating his question, asking what we had done. I said, "Well, I shipped your hogs when you got $6.20 for a two-hundred pound hog. You give us a two-hundred pound hog to-day and we will give you $20 or $21 for it. You sold your butter fat for 15, 18 or 20 cents a pound. Now you can get 38 cents a pound. Has there been no improvement?"

An hon. MEMBER: Who is responsible?

Mr. WARREN: I am not saying who is responsible, but the improvement is there. Hon. members talk about our youth and ask what we are going to do for them. We hear some of the speakers shout, "Are you going to let them starve?" as though nothing had been done for them. What was done under the youth training scheme? Some six hundred girls were given training, and every one of those girls walked into a job. We had seven girls come to Ottawa from Pembroke to take that course; they all found work. We had some fifty boys take the engineering course at Haileybury, and every one stepped into a job. There you have it, yet you say we are doing nothing, that we are letting people starve.

The hon. member for Lethbridge (Mr. Blackmore) talked about the terrible condition of the west; he suggested that we should create $500,000,000 of new money and lend it out. What ruined the west but too much credit? It not only ruined the west; it ruined a good deal of the east as well. They got our money—

Mr. BLACKMORE: I am sure the hon. gentleman does not wish to be unfair. I did not mention the west at all, as he will see if he reads my speech.

Mr. WARREN: I listened to the hon. member when he was referring to the west. He spoke of farmers who once were able to write cheques for three thousand, five thousand or ten thousand dollars but who could not borrow any money at all now; and he was suggesting that the farmers of the west were suffering from lack of credit. I say that what the farmers of the west suffered from most was too much credit, and I think if the hon. member wanted to be honest he would agree that it was too much credit that ruined the farmers of western Canada. I remember that in his speech he mentioned some farmer who had five thousand lambs on which he was going to lose money. If the farmer raised those five thousand lambs how could he have a loss on them? On the other hand if that farmer bought the five thousand lambs he was a speculator; if the price went down and he lost money he was a gambler, and he was taking his chance. So I do not see any point in that argument.

There is one angle of this question that I do not think has been touched upon at all. What about the taxpayer? We have spoken of almost everything else. Nearly every speaker advocates the expenditure of money, but I want to put in a word for the taxpayer. We have to give that man consideration. If you can reduce his taxes by even a small amount you will be doing something real for him. One of the greatest burdens on this country to-day is the burden of taxation. When you talk about loading this burden of relief on the federal government you are simply suggesting that the municipalities that kept off relief should turn in now and pay the bills of the municipalities that got themselves in a mess with relief. Personally I am inclined to think that the people who were foolish enough to land themselves in a mess of that nature should themselves find a way

of getting out from under. The farmers have to pay their share of this eight per cent sales tax and most other federal taxes; that is where the money comes from. That federal tax hits everybody, the hired man, the hired girl and everybody else. No one escapes it. Some of us may escape a provincial or municipal tax, but we cannot escape the federal tax. We ought to keep in mind when we advocate the expenditure of money that we are hitting the pocket of every wage-earner and taxpayer in this dominion. I am in favour of the minister continuing with the program started last year. Naturally it is an experiment, but to my way of thinking it has proven successful. I believe that these plans, carried on in conjunction with the provinces or by the dominion government alone, have proven successful.

Perhaps I may be accused of hitting the taxpayer myself when I ask the minister to consider the improvement of the trans-Canada highway between North Bay and Pembroke. This section of the trans-Canada highway is as important as any other in Canada. It leads to the home of the famous quintuplets and it makes possible a saving of five hundred miles to people travelling from the eastern to the western states, or vice versa. This section is now a gravel road, but it should have a surface of some kind. I am not prepared to suggest that it should be made a cement highway, but something should be done to provide a more suitable surface. Perhaps a tar penetration surface could be put on which would be serviceable for five, ten or fifteen years. We would thus get away from the present high maintenance costs and the dust which is so troublesome. I believe this work would be in the interests of the dominion, particularly as a great portion of our tourist traffic passes over this route.

Mr. BRADETTE: Mr. Chairman, if I ever become wealthy I am going to put up prizes for the most patient men in the country, and when I do, I am sure they will be won by the prime ministers and the members of any cabinet. During this session and for the last twelve years I have seen prime ministers and members of the cabinet put on the grill for weeks at a time when they have been endeavouring to explain certain situations. After answering the same question a thousand times, I have seen them get up very patiently and with a smile on their countenances answer it again. I was surprised this afternoon to hear the hon. member for Winnipeg North Centre (Mr. Woodsworth) accuse the Minister of Labour of not giving the required informations to the committee and of not having brought down his program more quickly. This is surprising when we consider that during the present session a certain group in this house used up nearly three weeks of our time on a new monetary philosophy. I do not say that in any disparaging way, but I think the record should be kept straight.

I want to compliment the Minister of Labour upon the wonderful work he has done in the three sessions he has been at the head of the Department of Labour. I feel perfectly free to do this. I was a neighbour of the former Minister of Labour, the Hon. Mr. Gordon, and I always took advantage of every opportunity to compliment him also upon the work he accomplished during the abnormal times through which we were passing. I never doubted for one minute the sincerity of the former prime minister when during the election of 1930 he thought he could cure unemployment. At that time we thought this problem was not deeply rooted and was possible of solution.

Before I proceed any further I want to say to the hon. member for Calgary East (Mr. Landeryou) that he was extremely unfair this afternoon when he asked the Minister of Labour what had been done for the west. There is no sectionalism as far as the problems of the west are concerned. I remember last fall when the people in my section of the country were asked to give clothing, vegetables and fruits to the people of the west. No matter in what position of life they were, every one dug down gladly to give all they possibly could to this fine section of the population of Canada. What has been done for the west during the present session? Something like $35,000,000 or $40,000,000 has been voted. Is that nothing? When that vote was asked, there was not a single word of criticism. Not a single member rose in his place and criticized this item. Why? Because we realized the dire necessity of the people in the west and the need for that money. I know the members of this house are ready to rise as one person and vote everything necessary for the maintenance of that fine section of our country, if circumstances warrant our so doing again. It is true that no matter what this parliament may vote, this problem cannot be solved, to some extent, I grant, until the west has good crops selling at reasonable prices. At the present time the people of the west in the drought areas are existing with the barest essentials of life. Their household furniture, their farm implements and their homes all need to be rehabilitated. Again I repeat it is unfair for any member of this parliament at this time

to state to the Minister of Labour and to the government that nothing has been done so far as the west is concerned.

Any one who takes the trouble to study world history will realize that unemployment has existed since the dawn of civilization. In the early days thousands of young men were kept under arms simply because they could not be fruitfully employed. We must not overlook what is happening in Europe at the present time. We must not overlook the reason why hundreds of thousands, yes, millions of men are being kept in military service. I ask hon. members to consider the reply made three years ago by Hitler to the Prime Minister of France. France was concerned about the number of men that Germany had under arms, and Hitler replied that this was done in order to keep them off the unemployment relief rolls. That may not be the principal reason why these men are under arms, but I think it is one of the reasons.

This is the situation we had in Canada prior to 1930. We always have had seasonal employment in this country. In my section and in practically all other sections we have had tens of thousands of young men employed during the winter months in lumbering operations. These men will be unemployed for one, two or three months until the driving of logs and mill operations commence in the spring. However, during this period considerable agricultural work is carried on, and a number of men are able to obtain employment in the navigation operations on our great lakes. This problem is not a new one as far as we are concerned, and we get these changes every. season.

It is all very well for people to impute sinister motives in connection with those who are wealthy people; we call them big shots and so on; speak of their greed, their intolerance, etc.; but the great majority of these people are true Canadians and their hearts are with the working men and labourers. The same thing can be said of most of our people; their hearts are in the proper place, and they will do everything in their power to alleviate suffering. At the same time there have been cases where the labourers and farmers have sinned also, with all the other classes. It is all very well for a member to mention individual cases of having met men in dire circumstances. I could mention thousands of such cases in my own constituency, even in the rural sections where they have been receiving relief for several years. I have also received several letters from farmers saying that their lot is improving. They have been selling their milk at reasonable prices and last year they made some money on their pulpwood and cattle, but you cannot build up a case for the nation on individual cases.

I might cite a sad case that came under my own experience last year, and that will illustrate what I have said. Last year during the Easter recess, on Good Friday, a young farmer with a family of seven came and told me that he had received $32 on April 1, 1937, and he said his relief was all gone and he wanted some more. I telephoned the relief officer in Cochrane and told him that this man had to receive more relief because his family was near starvation. That, as I say, was on Good Friday. Sad to relate, on Saturday night this man asked me to bail him out as he had spent all the money on booze instead of on his family, and he had been arrested for drunkenness.

All classes of our people have sinned, and therefore it is the duty of every one of us, no matter to what party he belongs, or on which side of the house he sits, or what is his place in society, to put his whole strength behind the minister and the government in helping to bring about better conditions. We are just as humane and charitable as any other men, and how unfair it is for the member of Winnipeg North Centre to rise in his place this afternoon and accuse the Minister of Labour very bitterly, saying he had done nothing for the unemployed; that he was not trying to find the solution for unemployment. I say this in all sincerity because from 1930 to 1935 I sat in opposition on the other side of the house, and I did not criticize bitterly the government of the day and their employment policies because I knew it was a very deep problem. I believe the first duty of every member of parliament is to second the efforts of the Minister of Labour, and I hope that from now on it will be possible to discuss in this house this great problem with the sole desire to help in solving it by suggestions and constructive criticism. It is a problem that is facing not only Canada but the whole civilized world. Look to the country to the south of us, where billions and billions of dollars have been spent for the relief of unemployment, and the sad truth is that at present unemployment in that country is more rampant than it was two years ago. Europe has just the same problem, and all of Europe found that the only way to help in solving it was to put the young men from eighteen to twenty-one years of age in the army. Surely we do not want to do that in Canada. We want to help our youth; but we do not want to develop in them the militaristic spirit; we want them to grow up to be good Canadians,

and therefore I say it behooves every member of this house, no matter on which side he sits, to be constructive in his approach to that all important problem. How easy it would be for any one of us to go outside this house, hold a public meeting on Sparks street, for example, agitate the people by telling them not to be satisfied with the present government, and urge them to destroy the present order of things! But would that be good Canadianism? Would it be patriotic? No. My duty when I see misery is in my own humble way and to the best of my ability to help relieve it, and if we all put our shoulders to the wheel I have no doubt that by an intelligent, united effort we shall get out of our present situation.

Mr. LANDERYOU: You have the majority.

Mr. BRADETTE: A few moments ago the hon. member for Winnipeg North Centre read the message that was delivered to the Canadian people by the Prime Minister during the last election, and I heard a member of the social credit group say that it was a dream. But it was not a dream. It was given in all sincerity, just as I believe the leader of the government who was elected in 1930 spoke in all sincerity; just as I believe the premier of Alberta spoke in all sincerity to the people of that province in 1935 when he was elected premier. He told the people of Alberta that he was going to solve all their problems; that he was going to pay social credit dividends of $25 a month and more, and I believe that he was sincere. The electors of Alberta gave him a huge majority, and at that time he told the people of the province not to worry about the rest of Canada, or Scotland; that Mr. Douglas had said that social credit might not be put into practice within the boundaries of the province, but that he, that is, Mr. Aberhart, could do this. But after over two years in office, with all his sincerity, which I do not doubt at all, has he been able to put social credit principles into practice in that province? Is there not unemployment in Alberta? There have been bad crops there, which have no doubt contributed to a great extent to unemployment in that province, but I say that with all his sincerity, and with all his big, solid majority behind him, the premier of Alberta has not been able to implement the promises he made during the election of 1935.

Mr. LANDERYOU: The Liberals disallowed all our legislation. There was no doubt of the application of social credit in 1935.

Mr. BRADETTE: There is no question that the social credit party had a large majority behind it in Alberta, and I do not say that in any critical spirit. I mention it merely because one of the members of the social credit group this afternoon said, alluding to the message delivered by the Prime Minister immediately after the election of 1935, that it was a dream. Was it a dream, then, what the premier of Alberta told the people of that province in the fall of the same year, 1935? No; I do not want to believe it. I want to believe implicitly in his sincerity; but he was not able to fulfil all his promises; he did not fulfil even one. The moment one assumes the responsibility of office, one finds that it is not so easy to do in practice what one advocated in theory.

Mr. DOUGLAS (Weyburn): Does that not prove that sincerity is not enough; that sincerity alone will not solve any problem? Sincerity will not abolish poverty.

Mr. BRADETTE: It is obvious that sincerity is necessary because the basic principle of any society is charity, and sincerity is an essential part of it.

Mr. DOUGLAS (Weyburn): You must have sincerity plus direction.

Mr. BRADETTE: Oh, yes. I have something to say about the sincerity of the party of my hon. friend, and I shall take a few minutes to speak of it now. I wish his party could have the responsibility of office for one or two years because it would sober them up. We on this side of the house are just the same as hon. gentlemen opposite; our hearts are bleeding for the suffering people of this country.

Mr. LANDERYOU: You have the authority; what more do you want?

Mr. BRADETTE: Your only solution is to change the monetary system, but the monetary system is only one of the factors which we have to consider before we can have improved conditions. It is very easy to criticize when one is in opposition. I was in opposition for five successive years. While some members may have gone too far in their theories, once your party gets into power you have to consider all the factors involved plus the governmental responsibilities, and I believe that all governments in this dominion, no matter what their political stripe, have at heart the welfare of the people, the human and the social factors. I say again that it is extremely unfair to build up on individual cases a case that will apply to the whole nation.

I want to compliment the hon. member for Renfrew North (Mr. Warren) upon his

logical speech this afternoon. Democracy is before the bar of judgment in Canada, and I want to give this warning, that if the parties in this house address themselves simply to overdoing each other at election time in rash statements and in promises that would never be fulfilled, it will be the surest sign of the doom of our democracy. In the last election, in northern Ontario, I went over every section of my constituency and told the people that I was opposed to direct relief. I told them that the sooner we got rid of it, the better it would be for our country, that we had to find employment for our people, and that direct relief was deteriorating, if not destroying, the moral fibre of the nation. It was a sad spectacle to see people of another political faith getting up on the same platform as we were on, and saying that if they were elected they would not do like the Liberals are trying to do at the present time; they would enlarge direct relief; they would give more. I say that sort of thing is the surest way to destroy democracy in Canada. We cannot afford to be demagogues, dreamers, utopians and radicals; we must be good, practical Canadians.

Mr. DOUGLAS (Weyburn): We cannot afford to sleep, either.

Mr. BRADETTE: To sleep? Does the hon. member imply by that that I have been sleeping more than he has? Does he imply that this government has been asleep more than his group?

Mr. JAQUES: It has been put to sleep.

Mr. BRADETTE: Some days that hon. members of a certain group have been speaking we may have been almost put to sleep for a good many hours. I want this situation to be dealt with fairly. I want to be a practical man. I ask hon. members, If they were occupying the position of the present Minister of Labour, what would they do? Can they doubt his sincerity, his industry, his knowledge of the social order and his desire to remedy social problems? If not, they should be willing to cooperate with him. It is not a political appeal that I am making at the present time. I appeal to hon. members to face and to try to find a solution for the greatest difficulty we have to meet.

Mr. LANDERYOU: The hon. member has told us that the hearts of his friends are bleeding for the sufferings of the unemployed. I mentioned that poverty was the cause of their trouble. Will he tell us what unemployed and suffering people are suffering from except a lack of money?

An hon. MEMBER: Dividends.

[Mr. Bradette.]

Mr. BRADETTE: None of the experts who support the system which the hon. member recommends, has been able to explain it.

Mr. LANDERYOU: I ask, What are these poor people suffering from except lack of money?

Mr. BRADETTE: I am not here to say that the present monetary system is perfect. Perhaps it will have to be radically amended. But I repeat that the monetary problem is not the only question we are facing at the present time.

Mr. LANDERYOU: Then what are the other problems?

Mr. BRADETTE: Surely the hon. member must know more about human needs than to ask that question. What would he do, for instance, in the case of a returned man I know? Money will not cure all the ills of the present time. I have a good many returned men in my section. One I have in mind has two wooden legs; he suffers every minute of his life, day and night. Does the hon. member contend that if he had social credit money in his pocket, that would be sufficient to cure him?

An hon. MEMBER: No; but it would give him security.

Mr. BRADETTE: I have heard it said that there are people dying of starvation in this country. It may be the case that a man has starved to death in some remote district, but I have never heard of anyone dying of starvation so far as my section is concerned. And we are not going to cure all our ills by the issue of money by means of the printing press, which is simply uncontrolled inflation.

Mr. LANDERYOU: If the cause of our difficulties is not lack of money, will the hon. member tell us the reason?

Mr. BRADETTE: Has the hon. member not studied the bills of the Minister of Labour at previous sessions? Is he not satisfied that the minister has been trying to go to the root of the present problem? Is that not the object of the bill we are considering at the present moment? What would be the hon. member's solution? He has been trying to explain it to us for the last three years and we are still right up in the air. The hon. member and his group are still barking at the moon. They are the finest political Santa Clauses that any political party has ever known.

Mr. LANDERYOU: Why did the hon. member's party not carry out its own plans?

Mr. BRADETTE: The hon. member had his own innings. His party occupied nearly

three weeks of the time of the house at the opening of the session. They have made promises to the public which I should be glad if they were able to implement, and I do not doubt their sincerity. But when they arise in their places time after time and tell this government that the only way to cure unemployment is to have social credit, and the only way to implement social credit is to get the printing press to work and flood the country with new Canadian dollar bills—

An hon. MEMBER: That is unfair.

Mr. BRADETTE: —that is no solution of our ills. That would cause an inflation worse than the ills from which the country is now suffering. Hon. members should remember the prices they had to pay for commodities during the last inflation which happened toward the end of the great war.

Mr. LANDERYOU: What solution—

Some hon. MEMBERS: Sit down.

An hon. MEMBER: Sit down yourself.

Mr. BRADETTE: We often hear in this house—

The CHAIRMAN: Order. I am afraid that this debate is getting beyond this bill. I would ask all hon. members to confine their remarks to the bill before the committee.

Mr. LANDERYOU: I should like to know what the hon. member's solution is. No matter what social credit is offering, what solution has the hon. member to suggest?

Mr. McINTOSH: Will the hon. member explain what his solution is?

Mr. LANDERYOU: We are not in power.

Mr. BRADETTE: The hon. gentleman is a member of this parliament; as such he has the same responsibility as any other member of the house. He cannot get away from that responsibility. I suggest that one solution is to find a system whereby it would be possible to keep our rural youth on the farms. Until such time as any government—I refer not only to this one, but to any government in the world—can find some means of stopping the trek from the rural sections in to the urban communities, neither this country nor any other will enjoy real prosperity. We need only to read the history of the Roman empire—

Mr. POOLE: What has that to do with us to-day?

Mr. BRADETTE: If the hon. member's intelligence is not deep enough to understand that, it is not my fault. I am mentioning that era as an illustration. I was saying that we have an example in the fate of the great Roman empire when the population had been coming more and more rapidly into Rome, when the people were hollering for bread and for pleasure.

Mr. POULIOT: Ask Baker of Toronto for the bread!

Mr. BRADETTE. We have much the same conditions to-day.

Mr. POOLE: That was an age of scarcity.

Mr. BRADETTE: The more you have that sort of thing namely, direct relief, the more you are accentuating the trend of the population from rural to urban areas. After being residents of an urban centre for a number of years, or even months, in many instances those coming from the farm become pensioners of the state; whereas the farmers, generally speaking, try to maintain themselves and make a living from their own efforts without asking relief from any government.

Mr. POOLE: How is the hon. member justified in comparing the circumstances of the twentieth century with conditions in ancient Rome?

Mr. GARDINER: The policies of the hon. member's group are just the same.

Mr. POOLE: That was an age of scarcity. This is an age of abundance. To-day we are suffering from overproduction. In Rome they were suffering from scarcity. How can the hon. member dr. w a comparison between the two? It is absurd.

Mr. BRADETTE: The hon. member is entitled to his own theories, but I say that this is no age of plenty. What would happen in the hon. member's own province if he had nothing but his coal and his wheat to live upon? How far would he go with that? Practically all that is produced in Alberta is wheat and oil and coal. Supposing you have to make a living with those resources, nationally and individually, what sort of existence would be possible? Obviously you must have intercourse with the rest of the world. You cannot get away from that fact. The "age of plenty" is only relative. The man who will say that we have solved the world's problems of production can say so only because he does not wish to take the trouble to study the situation. He does not want to study the world situation. It is true that to a great extent we have shown that we can produce the things we want, and I am willing to admit that there is probably no clear demarcation between the things we regard as necessities

and the comforts and luxuries of life; but no one will make me believe that these things can be had unless one is willing to work. In this world you cannot get something for nothing. That is the law of nature. It may be broken; it may be evaded, but the man who is not willing to work for a living is not entitled to a living, while opportunities must be given to those who want to work.

Mr. KUHL: What is the man doing for a living who receives dividends?

Mr. BRADETTE: In this country one has to fight every inch of the way. I come from a pioneer section and I know whereof I speak. It was settled by splendid people, a number of whom came from the other side. In my section we have to fight every inch of the way, whether our occupation is agricultural, or commercial, or mining, or industrial. Is it any easier in Alberta? As to making it easy in all sections of the country, if hon. members visualize the situation as realists, not as men who have lost all sense of proportion, they will realize that there is no plenty in this world unless one fights and struggles for it, and that production can be brought forward only by human labour and intelligence.

That is all I wish to say at the moment. I should like to say a few words when the estimates on the back to the land movement are presented. I do not believe in simple formulae for solving the problems of the world at the present time. There is no use in talking about ending unemployment and having prosperity in our midst in Canada, or in any other section of the civilized world, unless we find it possible to render comfortable, if not prosperous, the rural population who in this land and in all others are, after all, the primary producers. In this, in my viewpoint, lies, to a large extent, the solution of unemployment.

Mr. V. J. POTTIER (Shelburne-Yarmouth-Clare): I wish to refer briefly to a remark made last night by the leader of the social credit group and referred to in Hansard at page 2571. Referring to a letter he had received he made the following statement:

> Conditions in many places in this country are positively terrible. . . . This letter came to me personally, with no idea that it would ever be read in parliament.

I wish the hon. member for Lethbridge (Mr. Blackmore) had carried out the desire of the person who sent that letter to him. He refused to divulge the name of the correspondent, and further on, as reported on the same page, the hon. member for Halifax (Mr. Isnor) made this remark:

In view of the statement that 500 go to the soup kitchens in the town of Yarmouth, I think we should know who wrote the letter, and from what section of Nova Scotia it comes.

The letter was expunged from the record by the ruling of the Speaker, as reported in Hansard at page 2572. I quote from page 2572, and this is the passage I wish to deal with. After the letter had been expunged from the record the hon. gentleman is reported as saying:

> Mr. Blackmore: Very good. I would much rather have that happen, now that hon. members have heard it, because, after all, I am more concerned with having hon. members in the house know about existing conditions than I am that the letter appear in Hansard. I am not going to expose a man who writes a letter like that to me.

I do not blame him for not divulging the name. Unfortunately the morning papers carry the item in more or less detail, and the public as a whole gets the item although the letter is expunged.

Mr. DOUGLAS (Weyburn): What bearing has this on the bill?

Mr. POTTIER: I am discussing a remark made by the hon. member for Lethbridge in the course of the debate last evening. The effect of the newspaper item and the reference I have just given as quoted from Hansard is that there are 500 people in Yarmouth being fed at a soup kitchen, or 500 people in Yarmouth who stroll along to get a bowl of soup. I want to tell the committee that that is not a fact. There is not in Yarmouth, which is a part of my constituency, any soup kitchen to which 500 people stroll along to get a bowl of soup. When the leader of the social credit group says, "I am more concerned with having members in the house know about existing conditions," I am sorry for his group if they base all their representations on information of this kind. I contend that any member of this house who makes statements should at least be sufficiently informed to know whether they are true or not. It is all very well to read a letter and to profess to be only the means of representing facts in this house; he should strive to be accurate. I resent false representations being made about the people I represent. We are having difficulties enough without being slandered in this way to bolster up the aspirations of what we might call superpoliticians trying to picture conditions that do not exist. That will do no good to any group or member or constituency, nor will it do any good to Canada as a whole. I know of no soup kitchen in Yarmouth where—and this is the part that stings—500 people stroll along for a bowl of soup.

Mr. LANDERYOU: Is there a soup kitchen in Yarmouth?

Mr. POTTIER: There is no public soup kitchen in Yarmouth. I telephoned the town clerk to-day and he confirms my understanding of the situation. We have individuals and associations that are trying to help the poor in various ways—there are such organizations everywhere—but we have no public soup kitchen. The people I represent are doing the best they can; they have a certain amount of pride, and I resent their being misrepresented in this way.

Progress reported.

The house having reverted to the order for motions:

UNEMPLOYMENT RELIEF

Hon. NORMAN McL. ROGERS (Minister of Labour): I beg to lay on the table of the house the report of the dominion commissioner of unemployment relief. The statute provides that this report shall be laid on the table thirty days after the expiration of the act and it should therefore be tabled at this time. I did not have it when we were on motions earlier in the afternoon.

FARM IMPLEMENTS COMMITTEE

MOTION FOR CONCURRENCE IN SECOND REPORT PRESENTED APRIL 8, 1937

The house resumed from Tuesday, March 15, consideration of the motion of Mr. Johnston (Lake Centre) for concurrence in the second report of the special committee appointed to investigate farm implement prices, presented to the house on the 8th of April, 1937.

Mr. HARRY LEADER (Portage la Prairie): In rising to continue this debate I wonder whether the remarks I shall have to make will meet with as much enthusiasm as the remarks we have listened to during the debate on the unemployment relief resolution. What I have to say may not be interesting to every hon. member, but to me the question of cheaper agricultural implements is of very great importance. In commencing I want to review briefly the question of the tariff on agricultural implements.

Going back to 1930, when the Liberal administration left office, we enjoyed at that time a very low tariff on agricultural implements, perhaps the lowest on record, only six per cent on binders and mowers. When the Conservative government came into office in 1930, the tariff was raised to the highest rate on record, namely, a flat rate of twenty-five per cent, including cream separators, which previously had been free. When the Conservatives left office in 1935 and were succeeded by the present administration, true to Liberal policy the tariff was reduced and cut to seven and a half per cent.

Mr. BENNETT: What about the prices of the implements?

Mr. LEADER: I would ask the right hon. leader of the opposition to let me continue. Perhaps, before I conclude my remarks, I shall have something to say as to prices of implements.

The present tariff of seven and a half per cent is the lowest on record, if excise taxes and some other imposts put on through the regulations of the revenue department are not taken into account. But in the face of this reduction in the tariff we find the implement companies increasing their prices in 1936, and again in 1938. To me this looks like a challenge to the parliament of Canada. What are we going to do about it?

Briefly I wish to review the progress of this matter in the house. On March 2, 1936, an order of the house was passed for an immediate inquiry. At the end of that session the committee reported and suggested that the inquiry be continued by a smaller committee at the next session. On February 1, 1937, the government moved the appointment of a special committee. That committee carried on an investigation throughout the session of 1937; and the report was submitted on April 8 of that year, but at the suggestion of the leader of the opposition (Mr. Bennett) it was not concurred in but left over until the present session. On March 11 of this year the hon. member for Lake Centre (Mr. Johnston) moved concurrence, after six weeks of the session had passed. The debate was adjourned on March 11 by the hon. member for Kamouraska (Mr. Bouchard) and continued on March 15 and adjourned by myself on the same day. Thus it will be seen that it is well over two years since parliament started action. To me this has been a horrible example of how not to treat a question of such vital importance to the agricultural industry of this country.

Now I am back to the position which I occupied at eleven p.m. on March 15. Before the house adjourned on that date, I had pointed out the disparity between the farmer's dollar received for his products and what he had to pay for farm implements. I took, for example, the prices of beef cattle at the Winnipeg stock yards, for 1913, 1920, 1926, 1932 and 1936, and I took for the purpose of comparison two

implements, a walking plough and a binder. As I stated at that time, the committee took the year 1913 as a normal year when the farmer's dollar bore a reasonable relation to the prices he had to pay for his products. I was able to show that in 1913 we could exchange 300 pounds of beef cattle for a walking plough, whereas in 1932 it required 700 pounds to make the same exchange. In 1913 we could purchase a binder for 2,600 pounds; but in 1932 it would cost us 6,100 pounds, approximately two and a half times as much. Continuing the thread of my argument, I have a companion table giving a comparison of the farmer's dollar in terms of wheat instead of cattle. It shows the same list of implements as used on that occasion. The walking plough, for example, which in 1913 we could buy for the price of twenty-five bushels of wheat, in 1932 would cost fifty-six bushels. A binder which in 1913 was equivalent to 193 bushels of wheat, in 1932 required 500 bushels. The following table gives other examples:

Bushels of No. 1 Northern Wheat
Basis 1 Northern Fort William
Required to Buy

	Walking plough	Double disc drill	Hay rake	Binder	Mower	Disc harrow	Gang plough	Wagon	Bushels of wheat
1913..	25	163	40	193	68	52	101	120	762
1920..	14	99	24	110	38	31	65	73	454
1926..	21	168	41	192	68	52	106	119	767
1932..	56	448	108	500	177	133	266	320	2,008
1936..	32	269	64	304	108	80	148	182	1,187

These tables are a true indication of what is wrong with agriculture, showing the fluctuation in the prices of the farmer's products sold on the world market compared with the stabilized prices he has to pay for his implements of production sold in a protected market. This condition must be rectified before agriculture can be put upon a substantial basis.

Leaving farm implements for the moment, let me turn to cream separators. This question was discussed on former occasions. I remember a speech made by my Liberal friend the hon. member for Brantford City (Mr. Macdonald). He defended the twenty-five per cent tariff on cream separators. The hon. member for Selkirk (Mr. Thorson) replied, and his speech was, in my opinion, a fine exposition of the necessity for the removal of this duty. To me it seemed unanswerable; but another Liberal friend, the hon. member for Renfrew South (Mr. McCann) was undaunted, and he defended the twenty-five per cent tariff on cream separators. It is true that these two hon. members were invited to cross the floor of the house and join the Conservative party. I wonder myself whether they are not in the wrong pew.

When the motion for concurrence was introduced, the leader of the opposition and the hon. member for Greenwood (Mr. Massey) both protested and suggested that the report be returned to the committee for more evidence, saying that insufficient evidence had been taken in regard to cream separators. But if one looks at the report one finds at least four pages of evidence in regard to cream separators. Four manufacturing companies as well as a mail order house were examined: International Harvester Company, Massey-Harris, De Laval and McLeod's Limited of Winnipeg, besides the Cockshutt Plow Company whose evidence, being confidential, was not used. So I maintain we certainly had sufficient evidence to warrant the committee in bringing in the recommendation that cream separators should be placed on the free list. The mail order house in reply to a letter stated that they had been able to place on the market a separator called the Melotte with a capacity of 600 pounds, for $59.25 at Winnipeg. That is the Melotte, which is a good machine, as anyone will agree who knows anything about separators. The Economy King, with a capacity of 600 pounds, was placed on the market at $54 at Winnipeg. At the same time the International Harvester Company were selling their 600 separator at $107.58, and the committee ascertained that the cost of that separator at the factory was $41.70. This would be about the same as the cost of the Melotte and the Economy King, because the McLeod people were satisfied with a twenty-five per cent mark-up over the cost price. We found that the Massey-Harris company were charging $97.92 for their separator. We could not ascertain the cost of that implement because the company could not produce figures that would give us an idea of what the cost would be. The De Laval people were charging $108.77 for their separator comparable with the McLeod separator at $59.25.

[Mr. Leader.]

We found also that the De Laval people could buy their smaller separators, under 500 pounds, in Sweden and import them, paying the duty, at a price which enabled the company to offer the separators for sale for less than the price at which they could be manufactured in Canada. Surely this is evidence that it is uneconomical to manufacture these machines in this country. These separators cost $13.05 in Sweden, and they were sold in Canada for $44.50 including the duty of twenty-five per cent. When the higher protection was put on cream separators, the McLeod people admitted that they could not do business, and they withdrew from the field. After the competition was elminated we find that last year the International Harvester company raised the price of their cream separator another $11. To-day their separator is selling in Winnipeg at $118.50, which is an outrageous price for the implement that must be turned by the farmer's wife, or his fourteen or fifteen year old girl after she comes home from school, or his boy, in order to grind out perhaps three or four dollars a week in order to keep the family in food and clothing. I claim that this duty on cream separators is protection gone mad, and I think it is a terrible reflection upon the mentality of those who imposed the duty.

Now I want to return to farm implements. In the first part of my speech I stated that both farmers and machine companies had suffered grievously during the years of depression, but the machine companies did not suffer to the same extent as did the farmers. I have before me the financial statements from the evidence given before the special committee. I find that the capital invested in the International Harvester company in Canada is $39,000,000, and that the profits during the ten year period under review amounted to $24,500,000. They earned approximately six and a half per cent over all, after providing for a pension fund, bonuses to employees and taxes of all kinds. I asked the president of the company, Mr. Morrison, if he did not think that was a pretty high earning rate, and what he thought would be about a proper earning rate for money. His reply was eight per cent over all; in other words, they wanted eight per cent even after the taxes were paid. So I say that in regard to this company the increase in the price of their farm implements in 1936 certainly was not justified.

Now we come to John Deere and Company. Their capital invested in Canada amounted to $16,000,000. They showed a loss of $1,000,000 in Canada, but if the profits retained in the United States on account of customs regulations had been included the profit would have been $8,000,000 over the ten year period, showing a five per cent return on the investment. Then I come to Frost and Wood and the Cockshutt Plow Company. The invested capital could not be ascertained, but the total sales in Canada amounted to $45,600,000 and their export sales to $7,772,000. These two companies showed a net profit of $20,760, so they also operated without loss during this ten year period which included the most trying years Canada has ever experienced.

There is a different story in regard to the Massey-Harris company. This is a great Canadian concern of which every true Canadian is proud. They have factories not only in Canada but also in England, South Africa, France, Belgium, Denmark and Germany, as well as two factories in the United States. Between 1926 and 1935 the losses of this company amounted to $15,000,000. But, Mr. Speaker, prior to that they had huge profits. I think it only fair to the people of Canada that they should know something about the profits made by this company in earlier years. This is taken from the evidence given before the special committee. The company had its inception in 1891, with the merging of the Massey and Harris interests. The paid-up capital of the company at its inception was approximately $3,500,000, of which $300,000 was paid in cash and the remainder given in exchange for the assets of the constituent firms. From 1891 to 1912 this original capitalization of $3,500,000 plus $1,000,000 additional cash capital received in 1911 enabled the company to return the following value to its stockholders:

1. Cash dividends amounting to. . .	$11,212,349
2. Stock dividends.	8,500,000
Total dividends.	$19,712,349
3. The creation of a rest account of.	$ 6,500,000
4. The setting up of a special contingent account in the amount of.	1,680,000
5. The retention in surplus account, unallocated, of.	1,061,000
Total.	$28,953,349

Thus it will be seen that for the twenty-one years ending in 1912 there was a return of nearly $29,000,000, of which $11,212,349 was actually paid in cash. So the four companies examined showed a net profit over the ten year period, including drought years, with the exception of the Massey-Harris company, whose losses were due to the expansion of business in foreign lands, and to the costly distribution of their implements in Canada.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 65, respecting Révillon Frères Trading Company, Limited, and to change its name to Rupert's Land Trading Company.—Mr. Maybank.

Bill No. 85, for the relief of Dorothy Dean St. Clair Ross.—Mr. Jacobs.

Bill No. 86, for the relief of Frances Margaret Stewart Butler.—Mr. Walsh.

Bill No. 87, for the relief of Agnès LeBlanc Archambault.—Mr. Walsh.

Bill No. 92, for the relief of Louise Anderson Lindsay.—Mr. Macdonald (Brantford).

Bill No. 93, for the relief of Kathleen Helen Frances Penfold Findlay.—Mr. Walsh.

Bill No. 94, for the relief of Mary Esther Wahl Watt.—Mr. Walsh.

Bill No. 95, for the relief of Eva Grace Barlow Sunbury.—Mr. Ross (Moose Jaw).

Bill No. 96, for the relief of Irene Marjorie Wiseman Litwin.—Mr. Lawson.

Bill No. 97, for the relief of Lorraine Olive Lafontaine Caron Pilot.—Mr. Emmerson.

THE RESTIGOUCHE LOG DRIVING AND BOOM COMPANY

The house in committee on Bill No. 66, respecting the Restigouche Log Driving and Boom Company—Mr. Veniot—Mr. Johnston (Lake Centre) in the chair.

On section 1—Directors.

The DEPUTY CHAIRMAN: This section was amended by the standing committee and the words "and of which he is a shareholder" were added.

Mr. BENNETT: Would you read the section as amended?

The DEPUTY CHAIRMAN: The section as amended would read:

No person shall be elected or qualified to hold office as a director unless he is a member of the company, or of a partnership which is a member of the company, or a director or manager of a corporation which is a member of the company, or a person authorized by resolution of the directors of a corporation which is a member of the company and of which he is a shareholder.

Mr. BENNETT: Those are the words about which there was some difficulty.

Section as amended agreed to.

Bill reported, read the third time and passed.

[Mr. Leader.]

SECOND READINGS

Bill No. 99, to incorporate the Maritime Provinces General Insurance Company.—Mr. Isnor.

Bill No. 100, for the relief of Gerda Ellen Morrison.—Mr. MacLean (Prince).

Bill No. 101, for the relief of Hilda Elsa Naeke Schneider.—Mr. Heaps.

Bill No. 102, for the relief of Margaret Robinson Mathieson Megee.—Mr. Heaps.

Bill No. 103, for the relief of Rachel Tencer Silberberg.—Mr. Lawson.

Bill No. 104, for the relief of George Brunet.—Mr. Jacobs.

NIAGARA FALLS OBSERVATION BRIDGE COMPANY

The house resumed from Tuesday, April 26, consideration in committee of Bill No. 15, to incorporate the Niagara Falls Observation Bridge Company—Mr. Damude—Mr. Sanderson in the chair.

On section 8—Power to construct bridge.

Mr. DUFFUS: What I wish to say will take only about three or four minutes of the time of the committee. I desire to refer to some of the remarks that were made by the right hon. leader of the opposition on Tuesday evening last. He was referring to what I had said on the evening of Friday, April 8, and this is what he said, as reported on page 2277 of Hansard:

Right here may I point out that the other evening the hon. member for Peterborough West in this very chamber asked the members of the committee to believe that the United States authorities had given their approval to the construction of this bridge.

Further down on the same page he said:

That statement was calculated to do just one thing and nothing else—to leave the impression with the house that the United States had agreed.

I desire most respectfully and emphatically to suggest that I had no such thought in mind. As a member of the standing committee on railways, canals and telegraph lines, I was well aware of the fact that the bill had not been passed by the United States government, as that point had been discussed in the committee. When I was elected by the people whom I have the honour to represent in this house, I accepted my duties with a keen sense of duty, obligation and responsibility, and I should like the members of this committee and house to understand that at no time do I impute or intend to impute motives that are not consistent with the facts.

Here is what I said on the evening of April 8:

I have in my hand a copy of Bill No. 15, to incorporate the Niagara Falls Observation Bridge Company, and also a draft copy of the United States act dealing with the same matter.

I draw the committee's attention to the fact that I have here both documents, Bill No. 15 as presented to this house, and also a draft copy of the United States government act, designated an act by the United States government. In other words, this Bill No. 15 is designated a bill, while the document drawn up by the United States government is designated an act. May I read section one of that act?

This act may be cited as the Niagara Falls Bridge Authority Act.

That was my reason, Mr. Chairman, for referring to that document as an act.

I again desire to draw the committee's attention to the great loss that the people of the city of Niagara Falls and of the province of Ontario will sustain on account of insufficient traffic accommodation at this point between the United States and Canada. Tourist trade is very important and profitable to the people of Ontario. Business men, storekeepers, hotels, restaurants, summer resorts, working people, farmers, truck gardeners and fruit growers will, until a new bridge is constructed, be deprived of a substantial revenue which they hitherto enjoyed from that trade.

When this bill is passed it will then be the responsibility of the government of Ontario to complete the necessary arrangements, and it is my opinion that they can be depended upon to see to it that the proper type of structure is erected, one that not only is adequate for vehicular and other traffic but will also provide ample accommodation for customs and immigration business. Whatever else may be said of the present Ontario government, these two things can be said: In the first place, they cannot be accused of being extravagant; in other words, they have given an economical administration. Second, they have given honest administration.

Mr. MacNICOL: In both cases the hon. member is wrong.

Mr. DUFFUS: The point I desire to make most emphatically, in conclusion, is that I had no intention whatever of implying that the government of the United States had passed the act or the draft bill referred to.

Mr. LOCKHART: If I may ask the hon. member a question, does he imply that because the bridge has fallen there will be a loss of tourist traffic to this country, that the tourists will not come in at other points?

Mr. DUFFUS: I say that it will be a loss to the people of the city of Niagara Falls and also to the people of the province of Ontario. It is a well known fact that there have been traffic jams at this point for the last ten or fifteen years owing to the increased tourist traffic.

Mr. BENNETT: Mr. Chairman, I know of no reason why, because one happens to be a member of the House of Commons of Canada, he should be traduced by those who are outside this house. The late Sir Wilfrid Laurier, as leader of this house, on two occasions held that the privileges of parliament were not to be lightly disregarded, and when a member of the opposition with whom his relations could not be said to be cordial, the late Sir George Foster, directed attention to observations that had been made reflecting upon him in the house and made a motion, Sir Wilfrid Laurier, although the person accused was his own friend, saw that he was brought to the bar of the house to apologize for what he had said. The privileges of parliament are not of to-day's making. They represent centuries of accumulated tradition and history, and if men in the discharge of their duty are to be charged with offences and traduced in the public press by those who do not see eye to eye with them, then of course the institution itself is going to suffer. The custody of the reputation of the house is not in my hands, but I direct attention to the facts.

The other evening I directed attention, as was my duty, to the fact that because an attack had been made against this house, alleging that we had not passed legislation as rapidly as we should have, I thought it was my duty to look into this measure, and I did so and gave to this committee the benefit of the information which I had obtained—not all of it but in part—because when this house is charged with having neglected its duties or with having been overzealous in its efforts to discharge them, it seemed to me but fitting that the legislation which has been the subject of controversy should be scrutinized.

I am bound to say that I have not been able to ascertain who the incorporators of this bridge company are. So far as I can ascertain, they are not even people of substance. But that has nothing to do with the question. The question which I presented

for the consideration of the committee had only to deal with the legislation as such, and I pointed out that in most bills of this kind it has been provided that when the dominion acts it shall not exercise its powers until similar legislation has been passed by the state of New York, or by the adjoining state, whether it be Michigan or New York, and, if necessary, approved by the United States of America as a nation. I point out that that provision is to be found in the very section which we are now considering, and I direct the attention of the committee very seriously to these words:

> . . . but the company shall not commence the actual construction of the said bridge nor exercise any of the powers hereunder, until an act of congress of the United States or other competent authority in the United States of America has been passed authorizing or approving such bridging of the said river.

That is the usual clause. That is where, as the hon. gentleman in charge of this bill will say, the legislation usually stops. But this bill went further. It has this extraordinary provision:

> But the company may, in the meantime acquire the lands, submit their plans to the governor in council, and do all things authorized by this act.

I venture to point out—and I believe it to be my duty to do so—that that is a contradiction in terms; that you cannot approbate and reprobate. In the one instance the powers are to be exercised only when the appropriate authority in the United States has authorized the company to construct a bridge from the United States territory to the middle of the stream; that is, the middle of the Niagara river, which is the boundary line between Canada and the United States.

Just here it might be well to point out that this legislation has a history. I wonder if it is known to all hon. members that this company under another name has had a bridge in that place for nearly forty years. One of the very earliest bridges to cross the Niagara was built by this company under another name, that of the Buffalo railway company. They did so under authority from the United States and then came to this parliament and obtained in 1900 legislation which enabled them to complete the structure. They also had a railway line. Those who live in that locality are far more familiar with the matter than I am, but I have taken the trouble to look it up a little in view of what has occurred. I find that a short time ago the province of Ontario took steps to acquire the scenic railway, as it is called, and there was an arbitration, the net result of which was that the province or the park authorities have now been called upon to pay something like $1,072,587. In the journals of the Ontario house of assembly, at page 229, I find this:

> Bank loan (note) (for International railway award), $1,072,587.
>
> (The costs in connection with the award are not included in the above amount; they amount to $136,150.09 and have been paid out of the commission's funds.)

I am indebted to the hon. member for Broadview (Mr. Church) for a copy of the journals from which that information was taken. The feeling against the International company, apparently, has been considerable, by reason of the fact that this very large sum of a million dollars had to be paid. The provincial minister of highways, Mr. McQuesten, came to this house and, speaking before the committee, said they were going to pass a statute dealing with bridges; he is also reported to have said that "it would make one more hurdle to cross." And so they did pass a statute with respect to bridges, aimed clearly at the International, for the purpose of preventing the reconstruction of this bridge. That is not a matter in which I have any concern; it is only a matter of passing historical interest. The International company, its former name, the Buffalo railway, having been changed by act of our parliament as well as that of the legislature of Ontario, did operate this bridge and this scenic railway for many years. The scenic railway has been acquired by the appropriate park authority for the province of Ontario under the circumstances to which I have alluded. There remains the question of rebuilding a structure which was destroyed by an act of God. The ice jam took the bridge out. The International people at once arranged for the reconstruction of their bridge, and plans were prepared to that end. A bill was introduced into the legislature of the state of New York—one bill in the assembly and the other in the senate. They bear date February 18, 1938, and they have to do with the construction from the United States side of this bridge. But that bill did not pass. I hold in my hand a statement signed by Senator W. H. Lee of the state of New York, who resides at Lockport, in which he refers to the conference which was held for the purpose of determining what action should be taken. These are the terms in which he writes:

> In response to your request for verification of newspaper accounts of statements reported to have been made by Governor Lehman in a conference held at Albany on February 21st last, I beg to advise that at such conference attended by Governor Lehman, Hon. Morris

Tremaine, Comptroller, Assemblymen Moffat and Suitor, Hon. T. B. McQuesten, Messrs. Welby and Kaumeyer and me, Governor Lehman stated that he is deeply interested in the construction at the earliest possible moment of a bridge to replace the Falls View bridge recently destroyed by ice; that he has been advised by his counsel that International Railway Company has the right under the laws of the United States and State of New York to construct such bridge, and that the State of New York can not and will not interfere with the exercise of such right.

Since none of the statements was made in confidence you may show this letter to anyone.

Yours truly,

Wm. H. Lee.

He is the senator for the forty-seventh district of the state of New York.

That statement, it will be seen, is not new. As a matter of fact, the conference took place as long ago as February, and at it the governor made it perfectly clear what his course was. Now I point out to the committee that this legislation had its origin in the United States. They first granted the power to construct the bridge. The promoters then came to this parliament and obtained from it the power to connect up with the bridge, on the Canadian side. As I have pointed out, in the course of years they have acquired much property. They have this scenic railway, which has been sold. They have the approaches at both ends of the bridge; highways lead down to this bridge, and there were many of the amenities of travel established at both ends of the structure before it was destroyed. Also there are people with homes in the locality and such stores and shops as are always found in such localities. The value placed on the property owned by this bridge company is $500,000. This proposal is to construct a bridge at another point, which involves the acquisition of land for approaches, the diversion of highways, and the erection and construction of the amenities that have now been provided in connection with the International bridge. That is the position.

So far as what I said the other evening is concerned, and which the committee might care to read—I am not going to reread it—I pointed out that if the bridge cannot be constructed until such time as the United States appropriate authority gives permission to build from the United States side to the centre of the stream, how could we authorize a company that might never function—because the bill itself says it can function only if, as and when the United States authorities authorize a company to build from their shore to the middle of the stream—to acquire real estate and file plans for the approval of the governor general in council? Of what bridge? It is only when the two have amalgamated into a single bridge that we have a structure, and as the Minister of Transport said the other evening, it does not require an act of parliament to enable you to prepare plans for a bridge, but to prepare plans and ask for approval of them when there is no such thing as a bridge authorized, is something that I cannot understand.

Just why these last words are placed in that section I would ask the committee to determine for itself. But in view of the fact that the section dealt with the acquisition of real estate I said it could mean only one thing, the creation of a real estate boom at the point where the bridge was to be built and where a community was to be built around it—the little shops that sell fruit and confectionery and cards and things of that sort. Of course, anyone with any practical knowledge of affairs knows exactly what happens the very moment it is mooted that a new structure of this sort is under contemplation, just as in connection with the Peace bridge there were activities in that locality, and as there are activities in every locality where the construction of a bridge is contemplated.

I gave notice on the order paper that I would move an amendment that the words after the word "river" be struck out in order that this legislation might be consistent with other legislation that we have passed on previous occasions. Whenever we exercise a power that is limited, by geographical and international facts, to a point in the centre of a stream, the building of the bridge results only from the United States authorities authorizing a similar structure to be carried on from that side of the border to the centre. The two then amalgamate and you have the completed structure. That is what took place in connection with the Peace bridge. I could name many other bridges of the same kind, including the Sarnia structure. That did not cross into the state of New York; I believe it was the state of Michigan. Be that as it may, I hardly think it would be just the right thing for legislators to authorize the building of a structure by a company which is permitted to exercise its fuctions only when something else has been done in another country, and at the same time authorize it to engage in a real estate boom. That is what it means. and that is the point to which I directed attention.

There are other matters to which I might direct attention, and I am going to refer at once to one of them. The hon. member for

Peterborough West (Mr. Duffus) said, as did a gentleman who is not a member of this house, that the province of Ontario is suffering. Mr. Chairman, see what ensues from the following statements: (1) The legislature of the state of New York has declined to authorize the construction of this bridge at this time; (2) the legislature of the state of New York has prorogued for the year—you may have seen that in the New York Times ten days ago. There can be, therefore, no bridge authorized this year, and we have nothing to do with that; that is a matter which the state of New York has determined. And the condition imposed in this very bill is that the powers hereby conferred shall not be exercised until such time as the state of New York or the congress of the United States authorizes the construction of a bridge. That, I say, completely answers everything that has been said about the province of Ontario losing anything.

How can the province of Ontario lose anything when the legislature of the state of New York has risen for the year and has declined to take action? How can it be so when the condition appears in the very bill that the promoter puts before us, that "the company shall not commence the actual construction of the said bridge nor exercise any of the powers hereunder, until an act of the congress of the United States or other competent authority in the United States of America has been passed authorizing or approving such bridging of the said river." There is a distinct and clear recognition, a recognition which has been found in all our international legislation, that there must be joint action in order to bridge an international stream, and that we cannot confer powers to be exercised by any company beyond the middle of a stream. Surely we do not propose to make ourselves absurd by authorizing such action to be taken until such time as the United States authorities have authorized the construction of the bridge from their end as well.

Why the hon. member who is promoting the bill has added the words he has, I confess I do not know, although I have looked for some reason for them. Let me read the language once more:

> But the company may in the meantime acquire the lands, submit their plans to the governor in council and do all things authorized by this act.

"Do all things authorized by this act," notwithstanding that three lines before that it is said that "the company shall not commence the actual construction of the said bridge nor exercise any of the powers hereunder, until an act of congress of the United States or other competent authority in the United States of America has been passed," and so on.

I put this to the committee. I have no feeling at all in the matter, despite what has been said; because, after all, I have in this exactly the same interest that I had in the legislation of the hon. member for Gloucester (Mr. Veniot) regarding the Restigouche company. In that connection I pointed out certain things; the Minister of Justice (Mr. Lapointe) saw my point and the bill was amended accordingly. I had no particular interest in that matter, nor have I any particular interest in this, and I have been too long in public life to be concerned about attacks made against me or this committee. I do say, however, that we cannot declare in a statute that certain persons shall not exercise any of the powers conferred by the bill until the United States takes joint action to build a bridge to the centre of the stream, and at the same time, two lines further on, declare that they may do all the things authorized by this act; that they may start to buy land and to file plans—plans of what? Plans of a bridge. But there is no bridge authorized to cross the stream; so far, it stops at the centre of it. It may be that something is left out; it may be that hon. gentlemen have confused two things; and all that I suggested, in the notice of amendment which I gave, was that the section be amended by striking out all the words after the word "river," which would have this effect, that the legislation would not be contradictory in the last five lines, and would be at any rate consistent with our legal as well as our international position; for having said, as we may say, that we are not doing anything beyond our legal powers, we have gone as far as we can. I submit that we should remove any possible thought that any action taken here, even if we kill this bill, would deprive the province of Ontario of any revenue, or the Dominion of Canada of any tourists. The state of New York has seen fit not to give its approval, not to create a company and what is more, the legislature of the state has risen for the year. It follows, therefore, that as far as this bill is concerned it is a dead measure during the period which intervenes until such time as that legislature has acted.

I confess it is disagreeable to have these discussions and to be attacked in the beautiful language that always characterizes the utterances of the gentleman who used it, perhaps somewhat out of keeping with the long traditions of an ancient province. To say that

something is a damnable lie is not calculated to enhance the reputation of the person who said it, or yet respect for the institution which he represents. I think I can say that at least. The facts are as I have stated them. I have nothing to withdraw, nothing to explain in any sense. What I said is on Hansard; it stands written, printed; and it is strictly in accordance with the facts. The legislation in itself denies the right to construct until the United States has acted, and then it authorizes this company, which has no valid life, to deal in real estate and file plans with the governor in council. It has no authority to build beyond the middle of the stream until the United States has acted. And then it is joint action.

I need hardly say to the right hon. the Prime Minister that it would seem that we can hardly afford to place ourselves in the position in which this legislation would place us with our great neighbour to the south. It assumes that we are to give approval to the building of a bridge in the state of New York. We would not take kindly to the state of New York passing a statute authorizing the government of that state to approve plans of a bridge to be erected in the Dominion of Canada. But this bill says that although you cannot act until the state of New York gives you power, nevertheless, although you have no legal right, no validity to your acts, we are going to let you buy and sell real estate and file plans with the governor in council of a bridge part of which must be in the state of New York. That is the position. I have done my duty by pointing it out. When the hon. member for Peterborough West was speaking the other evening, I asked him if he did not know that this legislation had not been passed. He did not answer the question; but surely when we remember that the minister of highways for Ontario was present at the conference with the governor in February last, it would be difficult for him not to know that the legislature had risen and that no action had been taken with respect to it.

Those are the facts on section 8 to which I have directed attention, and it is only necessary to add that, as pointed out the other evening, the estimate given by the engineer, Colonel Monsarrat, of the cost of the bridge to be erected by the International company is $1,400,000. At the proper time I shall discuss the financial side of this matter; for it is said that the purpose is to give the people a bridge free from tolls. The authorized bond issue is $4,000,000, and if the money were obtained at the lowest rate at which money was obtained for the Peace bridge, it would involve an annual interest payment of $200,000, apart from sinking fund and without providing for expenses of operation. The files in the department indicate what the earnings of this company have been during all these years. I had an abstract made of some of them which may be useful later on in connection with other sections.

But it is said that the province could not obtain this legislation. All you need do is to turn to the statutes of this dominion in 1931, when the province of Quebec came here and obtained authority to construct a bridge from the Isle of Orleans to the mainland. In that case it was navigable water to be crossed, and they had to secure our authority, which was given by statute, before they could construct that bridge. In the case of this bridge it is not navigable water but international water that is to be bridged, and obviously both countries must join together for the purpose of making action possible. When we have made our act contingent upon the exercise by the other party of their power, and they have not exercised that power and will not now for another year, it seems to me we are doing something very much at variance with the declarations which have been made from time to time in this house with respect to investments and company promotions and the evils that have flowed from such exploitations, unless we take the only step we can with respect to this section and leave it as similar sections have been left in dealing with other companies; namely, providing that the power shall not be exercised unless and until the competent authority in the United States has authorized and empowered a corporation to exercise its powers.

Mr. HOWE: This bill has been under discussion for several weeks, and it is not my purpose to prolong the debate. But after the forensic display to which we have listened from the right hon. leader of the opposition, on the last two sittings on which the bill has been before the committee, I feel that a statement is necessary as to just what is involved in this bill. The motives of the province of Ontario have been impugned, and gratuitous insults have been distributed to whoever has spoken on behalf of the measure.

What are the facts? The Niagara parks commission has expended large sums of money and done splendid work in making the neighbourhood of Niagara Falls a beauty spot and a tourist attraction. This commission now desires to build an entrance to the city from the United States that will be a credit to that city and to the parks commission's

development. The stream to be bridged is an international one; hence in order to do what they wish to do it is necessary for the commissioners to obtain the consent of the federal government and of the proper authority in the United States. Obviously those consents cannot be obtained concurrently; one or the other must be obtained first. It was legally impossible for either the Niagara parks commission or for Ontario as a province to apply in its own name to the federal government for the requisite permission to build.

Mr. BENNETT: Quebec did.

Mr. HOWE: That was somewhat different. However, I shall not enter into a discussion about that. The provincial authorities then followed the usual procedure, or what seemed to them to be the usual procedure; they chose five men, connected in one capacity or another with either the parks commission or the province of Ontario. They entered into an agreement with these men that the five men would form a corporation for the purpose of applying to this parliament for the necessary authority, and when the authority had been obtained, to assign their interest in the corporation to the province of Ontario. A private bill was drawn up, and the legal adviser of my department who inspected the bill has advised me that it follows the exact language of the last bill passed by this parliament, and in general follows very closely the language of the bills authorizing the last several international bridges that have been approved by this parliament. The bill was introduced in this parliament, and the province of Ontario sent this government an official letter stating that the incorporators of this company were acting for the province; that their interest would be assigned to the province, and that the province would undertake responsibility for the construction and operation.

Mr. BENNETT: Is that letter available?

Mr. HOWE: Quite.

Mr. BENNETT: Would the hon. gentleman please file it?

Mr. HOWE: I shall be pleased to file it at the next sitting.

Mr. BENNETT: That is the important letter.

Mr. HOWE: The bill was introduced and discussed thoroughly in committee. The minister of highways of Ontario came to Ottawa with his staff to pilot the bill through the committee. Certain objections were taken to the bill by members of the committee; for example, the amount specified in the bill, namely, $7,000,000, seemed excessive to the committee. The minister of highways was quite willing to reduce that amount to $4,000,000. He admitted that the amount was in excess of requirements, and while there could be no harm in having the authority, if such authority were not used, he admitted that $4,000,000 would be sufficient, and the bill was amended in committee accordingly. The bill specified an amount of $500,000 share capital, which is the amount usually named in such bills. The minister was questioned as to why $500,000 was necessary and admitted that there was no necessity for it; it was only a token amount, and so the committee amended the bill, reducing the amount to $500. It was quite evident, I think, to all members of the committee that the bona fides of the government of Ontario were absolute, and that the only desire was to secure permission from this parliament to build the bridge in a form entirely legal and proper. We have heard here the suggestion that if the committee had not acted, we would have had real estate speculation on behalf of the province of Ontario, and we are told that if the share capital had not been reduced, all sorts of assets would have been turned in as part of the capital of the bridge.

Mr. BENNETT: There was provision to that effect in the original bill, and it is now out.

Mr. HOWE: The right hon. gentleman will find that it is provided in a good many bills which have passed this house. It was there because the lawyer who drafted the bill simply followed the usual form. We are told that another bridge company has land with a value of half a million dollars and can build a bridge for $1,400,000, and that the sum of $4,000,000 which is estimated for this bridge is excessive. It is just as fair for a man to say, "It is ridiculous for you to say you are going to build a house costing $40,000, because the house I am building will cost only $20,000." It is exactly the same thing. The bridge to be built by the province of Ontario is to be a monumental structure in keeping with the development of the Niagara park. It is to be wider and longer than the bridge with which it is compared. Instead of coming directly into the main highway along the waterfront, there will be a span over the highway, so that proper entrance arrangements can be made without interfering with traffic on the main highway.

Objection is taken to the section under discussion at the moment, and an amendment has

been offered. I may say that the sponsor of the bill has no objection at all to the committee accepting that amendment. It is ordinary common sense that the province of Ontario does not require an act of parliament to enable it to draft plans for this bridge. It is ordinary common sense that the province of Ontario can acquire any land it needs in the city of Niagara Falls without an act of this parliament. I speak for the sponsor of the bill when I say that he is quite willing that the committee shall accept the amendment which has been offered.

I should like to say just a word as to the United States authority. This act cannot become operative in any way until that authority is obtained. As to when or how it may be obtained, that is not a matter for this parliament. One country or the other must act first, and in this instance we hope Canada will be first to act. After that the matter will be in the hands of those who are actively sponsoring the bill. I sincerely hope, Mr. Chairman, that the filibuster is now over and that this bridge bill may now pass this committee.

Mr. BENNETT: Mr. Chairman, the Minister of Transport would advance his interest in this bill a great deal more readily if he did not talk about filibusters. In no sense have I had anything to do with a filibuster in connection with this legislation; nothing whatever.

Some hon. MEMBERS: Louder.

Mr. BENNETT: I say I have had nothing whatever to do with a filibuster in connection with this legislation. But I have deeply resented this house being attacked in the exercise of its legislative powers by those who are not members of it; and in consequence of that—

Mr. HOWE: I was not referring to the right hon. gentleman when I mentioned a filibuster.

Mr. BENNETT: In consequence of that I made myself familiar with this bill and took a good deal of time to do so. The minister must remember that the other evening for the first time the statement was made that the province of Ontario had written a letter stating that they would become responsible for this undertaking.

Mr. HOWE: That was made abundantly clear in the committee. Every fact that the right hon. gentleman has discovered and presented to this committee was made abundantly clear to the sixty men who make up the railway committee of this house.

Mr. BENNETT: All I can say is that, not being present as a member of that committee, I cannot speak with respect to that point.

Mr. HOWE: I wrote a letter to the committee containing the information that the province of Ontario had transmitted to me, and my letter must be on record with the committee.

Mr. BENNETT: The minister has referred to that letter. It is a public document; it can be laid on the table, and I may have an opportunity of inspecting it. What I did desire to make perfectly clear was that when this bill first came up I directed the attention of the Minister of Justice to the fact that I thought we were making a mistake in endeavouring to incorporate a company with power to build a bridge in the United States of America, to provide for its landing in the state of New York; that that was an excess of power because we could not go beyond the centre of the stream. I was reminded by the promoter of the bill that similar legislation had been passed in the past, and I said I did not think that made very much difference. I then said that after all I was not interested in this matter and I was not going to bother about it further, having directed attention to the matter. But when the attack was launched against this committee—of which I am a member—of this house—of which I am a member—that we were negligent in our duty I made it my business to study this bill, and the reason I took the trouble to make the observations I did both the other evening and to-night is that I wanted to make it abundantly clear that no one outside this house is sufficiently powerful to prevent me from discharging my legislative duties. I have a duty from which I cannot shrink merely by saying, "Well, somebody else can do it," and I then took the trouble to make myself familiar with this matter. I had not been familiar with it beyond the general, cursory examination of the measure I made when I pointed out to the minister the other evening that I did not think we could authorize the construction of a bridge beyond the centre of the stream.

I think the acceptance of the proposal that has been suggested goes a long way towards remedying one of the defects of the bill, but there is something else which is quite apparent and for which I have not been able to find any excuse; that is, why you should approbate in the one line and reprobate in the other; why in the one case you make a declaration that you shall not do something and in the next line declare that you are able to do all

things authorized by the act. Surely the Minister of Transport has given no adequate explanation for that, and I know of none.

Mr. HOWE: It was slavishly copied from the last international bridge bill passed by this parliament.

Mr. BENNETT: That may be; an astute company promoter may have gotten that in. All I can say is that I am sure the minister himself at once will regard it as nonsensical, to say the least, that in one line you should prohibit and in another line you should authorize. In the one case the words are "any of the powers hereunder," and in the other case "all things authorized by this act."

This all indicates just one thing: the desirability of the utmost care being exercised in connection with all legislation. If in days past, when we were in office, bills of this kind passed in the form to which attention has been directed, this should not have been done. Certainly, if my attention had been directed to the matter, it would not have been done; for with the many weaknesses I have at least I possess some respect for the law. I think even my most violent critic would give me credit for a little more intelligence than to suggest that I would become party to a section that would prohibit, except under a condition, the doing of something, and then two lines later authorize the doing of that which had been prohibited. The fact that something has been copied from some other bill indicates how sad a thing it is if we continue to let the dead hand of the past entirely govern every action we take in the present. That is as clear as anything in the world; nothing could be more fatal to either progress or development. When I recall the observations made in this house about companies and company promoters by one who has been attacking us from the outside, I should just like to hear his view, as he used to express it from this side of the house in those days, with respect to legislation of this kind.

The statement made by the minister as to the province of Ontario being behind this legislation and accepting full responsibility for it of course will be determined entirely by the letter which we shall read; the construction placed upon it as to terms; who signs it, and his power and authority to bind the province in the premises. It is a little difficult to understand why the original bill was prepared in the terms in which it was and why people of so little worth as the promoters should be those who are behind this legislation. Just one thing further.

The CHAIRMAN: It is nine o'clock. Shall the amendment carry?

Some hon. MEMBERS: No.

Amendment agreed to.

Section as amended agreed to.

Mr. STIRLING: It is two minutes after nine.

Mr. BENNETT: My attention has been directed to the fact that it was two minutes after nine when you made the declaration that the section had passed.

Mr. STIRLING: It is not playing the game.

Mr. BENNETT: My colleague says that it is not playing the game to go beyond the hour. I think there is much to be said with respect to that. I had no idea that we had gone beyond the hour; but in view of what the hon. member for Yale (Mr. Stirling) says, it is my duty to bring that fact to your attention.

The CHAIRMAN: I did not think the right hon. gentleman was aware that it was nine o'clock. I waited some minutes and I thought he would be disposed to have the amendment carry. However, I am in the judgment of the committee.

Progress reported.

PRIVILEGE—MR. POULIOT

Mr. JEAN FRANCOIS POULIOT (Témiscouata): Mr. Speaker, I rise to a question of privilege. In the Montreal Star of to-day, at page four, is an article, entitled House and Lobby, by H. M. Morden. This is a filthy article and a tissue of lies from the first line to the last. The only thing I have to say to that member of the Press Gallery is that he needs badly a strong dose of castor oil.

FARM IMPLEMENTS COMMITTEE

MOTION FOR CONCURRENCE IN SECOND REPORT PRESENTED APRIL 8, 1937

The house resumed consideration of the motion of Mr. Johnston (Lake Centre) for concurrence in the second report of the special committee appointed to investigate farm implement prices, presented to the house on the 8th of April, 1937.

Mr. HARRY LEADER (Portage la Prairie): Mr. Speaker, when the house rose at six o'clock I had just concluded a brief examination of the financial position of the farm implement companies. I had pointed out that

the losses suffered by the Massey-Harris Company were due in a measure to their high distribution costs. The committee found that the distribution costs in connection with farm implements were altogether excessive and that the Massey-Harris costs were the highest of all. I do not intend to go into this matter extensively as I should like to conclude my remarks in the allotted time.

It was found that the distribution cost of the International Harvester Company for the ten year period under examination was 22.13 per cent of the net sales. The distribution cost of Deere and Company was 22.57 per cent of the net sales. We were not successful in obtaining the costs of the Cockshutt Plow Company. The distribution cost of the Frost and Wood Company was 20.36 per cent, while the cost of the Massey-Harris Company was 33.46 per cent, more than ten per cent above the average of the other companies. The committee came to the conclusion that while the Massey-Harris Company suffered in Canada a loss of $5,800,000, if they had distributed their products as economically as the other companies, they would have made a saving about equal to their loss.

I do not wish the house to think I am making an attack upon the Massey-Harris Company, as that is absolutely foreign to my purpose. I suggested in my opening remarks that they were a great Canadian concern of which we were proud. If I may be allowed to refer to my own family, in the sixty years that my father and I have been farming we have paid the Massey-Harris people thousands of dollars. We have always thought that no other machine company in the world could make better machines than the Massey-Harris Company. The committee arrived at the conclusion that the cost of distribution was altogether too high and makes a recommendation that the government take into serious consideration the possibility of assisting cooperative organizations in the handling and servicing of farm implements.

I should like to say something about freight rates on agricultural implements. This matter was mentioned by the hon. member for Lake Centre (Mr. Johnston) and the hon. member for Qu'Appelle (Mr. Perley). This is of supreme importance to the western provinces as two-thirds of the machinery sold is sold in the west. Nine per cent of the farmer's dollar is absorbed in freight rates. In 1913 the freight charges on a binder to Regina was $17.80, whereas in 1935 this cost had risen to $25.87. The freight charges on machinery going west to-day are forty per cent higher than they were under the Crowsnest pass agreement.

Yesterday I stated that this Crowsnest pass agreement was an agreement made with the Canadian Pacific railway, and that it had been amended so that we lost the benefit of the Crowsnest pass rates on machinery and other products going westward. In the speech he made over six weeks ago the hon. member for Qu'Appelle stated he was in favour of the restoration of the Crowsnest pass rates on machinery. I do not see the hon. member in his seat to-night, but his statement appears on Hansard. It is just too bad that we did not have similar Conservatives in the house in 1922 when the Crowsnest pass arrangement was lost. I well remember the bitter and determined fight the Conservative party, led by the Right Hon. Arthur Meighen, put up at that time. Had it not been for the Liberal party, the Crowsnest pass agreement would have been abrogated entirely. I want to compliment the hon. member for Qu'Appelle upon coming out and stating that he is in favour of the restoration of the Crowsnest pass rates on products going westward. I wonder how many of the Conservatives whom I see sitting in front of me at the present time would take the same stand.

Mr. BENNETT: The hon. gentleman has misstated the facts, I am sure unconsciously. He stated that the Right Hon. Arthur Meighen was against the Crowsnest pass agreement. The fact is that he said the rates should be settled by the railway commission. That was his position. The legislation was allowed to pass in this house, but it was altered in the senate. It was brought up by one of the members of the senate in the form in which it was subsequently dealt with.

Mr. LEADER: When the matter passed this house, the Crowsnest pass rates were completely abrogated, and it was only by accident that our own senator from Portage la Prairie discovered that fact. He asked that they be not abrogated entirely, but be suspended for a period of three years. That suggestion was agreed to in the senate, and it was brought in as an amendment to the bill, to which the house agreed. Had it not been for the action taken in the senate, I think the right hon. leader of the opposition will agree with me when I say that the Crowsnest pass rates would have been abrogated.

Mr. BENNETT: No, not abrogated.

Mr. LEADER: Reference is made to the ugly word "repudiation" when we ask for a refunding of our public debt. I dislike to think it is repudiation in this connection. An arrangement was made by the people of

Canada, and I cannot see why a different arrangement cannot be made when the boot is on the other foot.

I should like to touch briefly upon the cost of repairs. The committee examined this and found it was a great factor in the high replacement cost of machinery, especially in those tough years when we were not able to buy a complete machine and found it necessary to buy repair parts and patch up the old machine. Repairs, as everybody knows, are sold for cash, and there is no loss or bad debts. The mark-up in the price of repairs, in comparison with the complete machine, is 66 per cent. I have further information in regard to that, but I must hurry on as there are other matters perhaps more important.

Now, as to the effects of the tariff on the cost of machinery, we went into that thoroughly, and I want to say right here that I believe the dumping act is the most diabolical weapon ever devised by man for the strangulation of international trade. The present government, I believe, are not using the dumping act to a very great extent. They have practically relieved the people of Canada from the use of that deplorable weapon. But in the ten year period under examination, under both governments, the dumping act was responsible for the implement companies of the United States retaining in that country $17,000,000 by the International Harvester Company and $9,000,000 by Deere and Company. By that action the treasury of Canada lost $400,000 which they would have been able to tax these companies on their profits had the profits been retained in Canada where they were earned. It may be said that this has nothing to do with increasing the price of farm machinery, but I doubt if that is so. I maintain that it has had something to do with it. I am going to read an extract carried by the Canadian Press over two years ago when we were discussing this question in the house:

Ottawa, June 12—Due to what Hughes Cleaver (Liberal, Halton), called the "silly tariff policy" which permitted the revenue minister to fix values for duty purposes, the International Harvester Company was obliged to charge Canadian importers $200 more on a $1,000 tractor than the price to United States farmers, Charles R. Morrison, vice president of the company, told the house committee on agriculture Thursday.

It goes on to say:

The company was accustomed to give a discount of 25 per cent to its United States selling organization and had always been willing to give the same discount to the Canadian company. However, in attempting to apply it, the implement manufacturers ran up against the Canadian customs regulations which empowered the national revenue minister to fix the fair market value of importations.

Here is an extract from the committee's report:

The policy of the Department of National Revenue has indirectly introduced a factor unfavourable to the maintenance of low prices in Canada in the case of these two companies, one of which sells one-third of the total requirements of the Canadian farmer while the other occupies a strong position in the western Canadian market.

The committee, therefore, feels that this whole matter has an important bearing on the question of retail prices on farm implements in Canada.

And a recommendation from the committee was:

That indirectly this retention of profits in the United States affected the price level of farm implements in Canada as the true profits arising out of their Canadian operations were not properly appreciated by the United States companies.

As regards the effects of the tariff, does a reduction in the tariff mean a reduction in the cost of imported products? **It did not** mean that in the case of farm machinery. I remember how my Conservative friends seemed jubilant at the fact that after we had lowered the tariff on farm machinery the price went up. I remember clipping out at the time an item in the Winnipeg Tribune, a supporter of the Conservative cause, which, speaking of the reduction in the tariff and the increase in the price of machinery, says:

Along came Mr. King and lowered the tarff protection by approximately one-half.

This was before they lowered the tariff five per cent, bringing it down to 7½ per cent.

The western Liberal members of parliament sat back expectantly waiting for prices to fall, instead the new catalogue shows higher prices. The western Liberals have been howling to high Heaven ever since.

They seem to think there is some magic about the words "lower tariff." There is not.

We maintain that there is a great difference between the two old political parties on the tariff. The Conservatives stand for high protection, and the Liberals for low tariff; if there is no difference between a low tariff and a high tariff we should know it, and the way to find out is to strip these companies, who have defied parliament, of all tariff protection, and let them stand on their own feet.

Some will say that a combine exists. Well, if a combine does exist, we have the machinery to take care of the situation. I remember sitting in this house and listening to the Minister

of Trade and Commerce (Mr. Euler) in the opening session in 1936. I forget what he was discussing at the time, but this is what he said in reference to the Combines Investigation Act. It will be found at page 510 of Hansard of that year:

> But I emphasize again that there are occasions—and they exist to-day, I believe—when it becomes the duty of government to intervene if a great business organization takes advantage of its power to oppress its workers or exploit the consumer.

I claim that is exactly what the machinery companies have done, and not only have they exploited the consumer but they have defied parliament.

Mr. BLACKMORE: Hear, hear.

Mr. LEADER: If I may be allowed, I am not critical just for the sake of being critical, and I am not condemning the government which I support because I like condemning them; I am condemning them, if I must, because I am a friend of the government and I would like to see them follow the paths we think they should follow.

I am going to give the house the record of this government in regard to the duty on farm implements. The Liberal party have been pledged to the abolition of the duty on farm implements since 1919, when they drafted their platform. We are told in this house that we should take a long range vision when we are legislating and to see what is ahead of us. Surely, Mr. Speaker, twenty years is a long enough vision in regard to removing the duty on agricultural implements. The Hon. Charles Stewart, Liberal member of this house in 1935, in opposition at that time, but who, if he had been reelected, would have no doubt been sitting on the treasury benches to-day, moved a resolution in 1935 as follows:

> Hon. Charles Stewart (West Edmonton) moved:
>
> That in the opinion of this house the best interests of Canada demand that the burden of customs taxation be lessened on the instruments of production in the agricultural industry and to this end, farm implements and machinery should be free from custom duties.

He said:

> Mr. Speaker, it is not my intention to detain the house at any length on the introduction of this motion. I think, however, it would be of interest to recite briefly the history of customs duties as applied to farm machinery, and to point out their detrimental effect upon the farming industry of this country. I do not think there will be any disagreement with the statement that agriculture is the most important occupation of the Canadian people.

I quoted this resolution during the campaign, and was proud to do so. This government has a splendid chance to practice reciprocity with the United States. We know that for years Canadian farm machinery was allowed to enter the United States duty free, and it would be only an act of justice to the farmers of this country, without hurting anyone, if we allowed United States farm machinery to enter Canada duty free.

I want to say thit to the Prime Minister. At Easter time when I was home I found, along with the information I received while I was here, that a bitter feeling prevails in western Canada in regard to the government's action respecting farm machinery. I have two letters here signed by the secretary of the United Farmers of Manitoba, from which I should like to make two short extracts. He encloses a copy of a letter directed to the chairman of the special committee. He says:

> We are very much concerned about this situation. The implement people appear determined to over-ride the conclusions and recommendations of last year's committee and to press still more extortionate prices in 1938.
>
> We think this is a challenge to Canadian democracy and we are looking for unified action on the part of representatives of rural Canada. We respectfully urge that our plea in this letter be given your personal attention.

And he writes this significant postcript:

> Surely the western rural members acting together should be able to get action.

That letter was written on March 16. I have another letter dated April 21, which is a copy of a letter that was directed to the Minister of Agriculture (Mr. Gardiner); he has this information. The writer says:

> The executive of the United Farmers of Manitoba meeting on April 11th and 12th, were deeply concerned in regard to the present situation re prices of farm implements.
>
> The report of the special committee of last year, they feel, is a call to action which ought not to be ignored, and there seems to be no action in sight just now. They view this with extreme disappointment. That a widespread injustice should not only be permitted to continue but actually be allowed to increase creates a very grave situation.

I see that I have exhausted my time. I thank you, Mr. Speaker, and the house for having given me this extra time, and I shall conclude with very few remarks:

I want to say that the machine companies have forfeited any right to tariff protection which they may have had. They have not played fair with the farmers and working men of this country. They have combined on a squeeze play to boost prices at a time when higher prices were not warranted. Their action has hindered the progress of agriculture, and in my opinion it is high time that this

parliament should institute measures which will compel a reduction in the prices now being charged for agricultural machinery. What I have said is not inspired by malice towards the manufacturers of farm machinery or any other individual or group; its object is rather to present the viewpoint of the farmers who must and do purchase this machinery. We as a class have not been blessed with legislative protection—notwithstanding some remarks that have been made—nor do we need or desire any special privileges; but we do object, and our voice is becoming increasingly articulate in demanding that others get off our backs so that we may live and provide for our families. Furthermore, we wish to pay our fair share of tribute to the state, but insist, when so doing, that we be allowed a fair recompense for our labours.

Mr. T. C. DOUGLAS (Weyburn): It is not my intention to present either an analysis or a synopsis of the evidence and report of the committee. That has already been done ably and succinctly by most of the previous speakers. I wish to give a short historical resume of this entire inquiry into the causes underlying the high prices of farm implements.

First, on March 2, 1936, an order was issued in this house for an inquiry into the high price of farm implements Second, on April 24, 1936, a question was asked, as reported on page 2127 of Hansard, regarding the response of the implement companies to the agricultural committee's request that during the course of the inquiry the prices should be reduced to their former level. May I quote that from Hansard? On the orders of the day I asked the following question:

I would ask the government if it has drawn to the attention of the agricultural implement industry the motion passed by this house asking that industry to keep the price of farm implements at their former level until the present investigation has been completed; what assurance has been received from the agricultural implement industry, and why has this request not been complied with?

The Minister of Agriculture replied:

Mr. Gardiner: Mr. Speaker, letters were sent to the implement companies calling their attention to the resolution passed by the committee. So far as I know there has not been, down to the present, information received in reply from all the companies. I think a letter was received from one company, but I would prefer when the information is produced to have it brought down as a whole.

Mr. M. J. Coldwell: Does the government contemplate bringing down any legislation or taking other action to bring the implement companies to a reasonable frame of mind regarding these prices?

There was no answer.

On February 1, 1937, the agricultural committee reported and suggested the setting up of a select committee of this house to continue the investigation into the high price of farm implements. On April 8, 1937, the report was tabled in the house by the chairman of that committee, the hon. member for Lake Centre (Mr. Johnston), but no discussion followed and no action was taken. Of course the government was anxious to expedite the business of the house in order that the parliamentary committee might attend the coronation. On March 11, 1938, the report was discussed on a motion of concurrence moved by the chairman of the committee. The time between the tabling of the report and the moving of the motion of concurrence was so long that the chairman felt that something ought to be done about it, and so he added seven suggestions of his own. It should be remembered that these suggestions are not a part of the report and have no bearing upon the report. The strangest thing of all is that one of these suggestions was the institution of a system of crop insurance, a matter over which this committee had no jurisdiction, and which was very largely a sop to soothe the disappointment of those who had expected the government to take some action as a result of this inquiry.

The motion for concurrence was moved by the hon. member for Lake Centre on March 11 of this year. Now, six weeks later, on April 29 we are still discussing a report that was tabled over a year ago regarding the investigation into the high price of farm implements. One cannot too strongly condemn the dilatoriness of the entire procedure with regard to this inquiry. It looks to me like a grand farce, with the government stalling for time. May I point out first of all that it is two years since this investigation began, and now, after two years, we are only at the stage of discussing a report which, even if it is passed, is no guarantee of legislative action regarding the committee's recommendations, let alone the chairman's suggestions. Let me point out further that so much time has been allowed to elapse during the present session that it is altogether unlikely that we shall get legislative action during this sitting of parliament. This means that it is not likely we shall have legislation dealing with this matter until next year, which will probably be the session prior to the general election. In other words, the entire term of office during which the present government has ruled will have been taken up with an inquiry into a question regarding which the government's duty was clear from the was beginning. I believe it was Disraeli who

said that commissions were set up to find out things which everybody else knew already. Certainly this committee has succeeded so far only in presenting excellent material, but not in getting the government to implement any of the recommendations that were made.

Mr. GOLDING: The committee did more than that.

Mr. DOUGLAS (Weyburn): During this entire period of two years the farmers have continued to suffer the injustice of high farm implement prices, which have placed an additional burden of $4,000,000 per annum upon the backs of the prairie farmers.

Mr. MASSEY: How does the hon. member figure that out?

Mr. DOUGLAS (Weyburn): I shall give the basis for that in just a few moments.

Mr. SPENCE: The hon. member is a great figurer.

Mr. DOUGLAS (Weyburn): An examination of the facts will show that the implement companies have totally disregarded the wishes of the committee and of parliament. First of all, the companies did not accede to the request of the committee that the prices should be reduced to their former level until the investigation had been completed. I have here a copy of the correspondence passing between counsel for the committee and the different implement companies, and in very polite language the committee was told by the companies that it ought to mind its own business. Again, these companies during the investigation absolutely failed to substantiate their claim that the increase in the cost of implements was due to an increase in the cost of raw materials and labour.

An hon. MEMBER: That is your opinion.

Mr. DOUGLAS (Weyburn): It is not my opinion. Let me quote from the evidence at page 386. Mr. Morrison, the head of the International Harvester Company is on the stand and Mr. Graham is legal counsel for the parliamentary committee. I quote from the evidence.

Q. So that these pig iron prices are going down in that period?

A. Yes, all right.

Q. Now we will take scrap—in 1930 it was 17·60; in 1931 it was 19·31; in 1932 it was 12·36; in 1933 it was 10·22 and in 1934 there was a slight increase to 11·23; but again in scrap there is the same reduction in the period isn't there? In steel, steel in 1930 was 2·37; in 1931 it was 2·37; in 1932 it was 2·44; in 1933 it was 2·31 and in 1934 it was 2·33; if anything there has been a slight drop—isn't that correct?

A. Yes.

Q. You will recall that lumber, which comprised about 10 per cent of the raw material costs, in 1930 was 99·98; in 1931 it was 102·87; in 1932 it dropped to 88·82; in 1933 it dropped to 82·20; and in 1934 it dropped to 73·82—so that there was a decided drop in the cost of lumber to you. Isn't that correct?

A. According to these figures.

Q. Well, these figures are supplied by yourself, Mr. Morrison. These are the big items; pig iron, scrap, steel and lumber; so that you will agree with me that in the prices you had to pay for raw materials entering into your product in the period from 1923 to 1935 there was a decided drop rather than an increase, except in steel, which seems to have held just steady; would not that be correct?

A. That would be correct.

Q. So that I submit again, Mr. Morrison, in the light of that, that when you suggest to your answers to me last spring that increase in the cost of materials was an element that jusified the raise, surely you cannot uphold that now in the face of this information—dealing with materials alone, I will go into the others with you later—but dealing with material costs alone?

A. All right, let us concede the material.

Q. You will concede the material?

A. Yes.

On page 387 the question of labour is discussed:

Q. Well, then, I do not know that I need go much further on that particular point, if you agree with that. It refutes the suggestion that you made in your statement that increased labour costs justified the increase in price?

A. Well, I think Mr. Graham you are being just a little liberal; I said, material, labour and burden; what I meant was collective material, labour and burden.

Q. Of course, it is my duty, Mr. Morrison, to separate them, naturally. You would agree with me then that labour costs during the period have decreased rather than increased; and that therefore labour treated as a single element does not justify the increase?

A. That is true.

Q. That is true?

A. Yes.

I say, therefore, that the evidence shows that the increase in costs of material and labour did not justify the increase in 1936. The committee showed further that they had no doubt in their minds that an injustice had been perpetrated upon the purchasers of farm implements. I do not wish to quote extensively. Let me quote two statements from the recommendations at page 1216:

The companies, having during the depression years maintained, relatively, their price levels, the committee suggests that now they are approaching a period of normal or above normal volume of production and sales, the companies can well afford, comparatively and actually, to lower their prices and still make satisfactory financial returns, because of the great saving

in overhead per unit of production. This policy would be of particular benefit in the period in which the farmer is making necessary replacements.

* * *

The results have been very confusing to those studying price trends over this period. During the period 1913 to 1936 the price of tractors declined by about fifty per cent. On the other hand prices of the general line of horse drawn implements and machines showed a level in 1936 between fifty and sixty per cent higher than in 1913.

Mr. MASSEY: Does the hon. member realize he is comparing incomparables? It is as if he were comparing the price of bicycles with that of motorcycles.

Mr. DOUGLAS (Weyburn): I am not aware that either motorcycles or bicycles are farm implements. The hon. gentleman has had a long experience in such matters, and he may be able to get the committee to regard bicycles and motorcycles as farm implements.

Mr. MASSEY: The hon. gentleman knows quite well what I mean. He is dodging my question.

Mr. DOUGLAS (Weyburn): The committee went on to point out at page 1217, that in Canada only one farmer out of every seven possesses a tractor. Then, on pages 1294 to 1296 are set out thirty-six recommendations. I shall not take the time of the house to read them; most hon. members have already gone through this. But five things that the committee proved to their own satisfaction at least are worth noting. In the first place they prove that farm implement prices from 1891 to 1936 had consistently been too high. I suggest a reading of recommendation No. 30:

That over the period 1891 to 1936 retail prices of farm implements have been maintained at too high a level as shown by the financial returns to the companies engaged in the industry during that period.

Second, they maintained that the increase in 1936 was unjustifiable. I refer to recommendation No. 29:

That the increases announced by the companies in January, 1936, were not justified by an increase in manufacturing or distribution costs or by the financial results of the companies in so far as these were affected by the price level of farm implements.

Third, the committee was convinced that the cost of distribution was too high. I refer to recommendation No. 33:

That the committee is of the opinion that the cost of distribution of farm implements is unnecessarily high and constitutes an important factor in the prices to the consumers.

[Mr. Douglas.]

They pointed out also that the cost of machinery bought on time was so excessive as to constitute usury. I refer to recommendation No. 27:

That the cost of credit to the farmer purchasing farm implements on time is excessive and the companies should take immediate steps to reduce these credit charges.

The fifth thing I want to draw to the attention of the house is that this committee was of the opinion that unless the companies themselves took some action, the government would be justified in encouraging the cooperative distribution and servicing of farm machinery. I refer to recommendation No. 34:

That the companies themselves should make every effort to reduce these costs or farmers should be encouraged to organize for the cooperative distribution and servicing of farm implements.

This is an investigation which began two years ago. During the investigation the companies refused to lower their prices to the former level. One year ago a report was tabled proving conclusively to the satisfaction of the committee five things:

1. That the prices had been too high.
2. That the increase was unjustifiable.
3. That the cost of distribution was too high.
4. That carrying charges were too high.
5. That if the companies themselves did not do something, a cooperative organization should be set up.

Mr. SENN: That was not unanimous.

Mr. DOUGLAS (Weyburn): It is the report of the committee and I am reading it as such. The members of the committee have the right to point out to what extent they disagreed with the report. But it was a majority report.

After these conclusions had been reached and the report tabled in this house, instead of the farm implement companies then acceding to the request to lower prices to the former level they brought about a second increase on November 1, 1937, an increase of 7·8 per cent, which in addition to the three per cent increase in January, 1936, made an increase to the primary producers of almost eleven per cent. It is apparent that the farm implement companies have no intention of cooperating with the committee; that they have defied the request of the committee to the extent not only of refusing to accede to their request, but of actually bringing about a second increase in prices. That is why, when this session opened, I placed on the order paper a resolution which reads:

Whereas the price of farm implements is too high in relation to the price of farm products.

And whereas the cost of distribution of farm implements is too high and is a major factor in the cost of farm implements;

And whereas the credit charges to farmers buying machinery on time is excessive,

Therefore be it resolved,—That this house recommend to the government that they encourage farmers to organize in provincial units for the cooperative distribution and servicing of farm implements.

I had hoped that during this session we should reach that resolution, in order that parliament might have an opportunity of taking some action, since it is quite apparent that the implement companies do not intend to take any.

When he was moving his motion of concurrence, the hon. member for Lake Centre read a letter from the United Farmers of Manitoba which was somewhat commendatory. But I have here a letter written by the same organization since this motion for concurrence was presented. I agree with the hon. member for Portage la Prairie (Mr. Leader) that these farmers are becoming suspicious and impatient. This letter, which is dated March 16, 1938, is addressed to the chairman of the committee; it is a circular letter. I shall not take time to read all of it, but I should like to read two or three paragraphs:

I am sure there are few who realize as your address shows that the implement companies' reply to the committee report of last session was an increase of 7·8 per cent on top of the 3 per cent increase of 1936, and that it means a fresh and utterly unjustifiable levy of $4,000,000 on the farmers of the prairie for the benefit of the makers of the tools they use.

We note the seven suggestions made in your address—but feel that coming simply as suggestions and not being included in your motion they are not likely to be fully effective. I must add that apart from some definite pressure upon the implement people with a view to securing equitable rates, the suggestion of a commission such as you have in mind in No. 7 is not likely to be regarded as enough. Our people are increasingly suspicious of commissions involving fabulous fees and expenses and their reports being filed away without any action resulting. There ought to be immediate action by the government before any such commission is thought of. . . .

There must be more than concurrence in the report of last session and more than a commission to report a year or two from now. I can very definitely assure you that the farmers of the prairies will not be satisfied with these.

That is signed by Wm. R. Wood, secretary, United Farmers of Manitoba.

I therefore say that at this time concurrence in a report which is now a year old is idle and futile. Since the tabling of that report the situation has completely changed. Another increase in prices has taken place. In my opinion, which I think is shared by many people who are buying these implements on the prairies, we cannot escape our responsibilities by pious wishes and wishful suggestions; this parliament must be prepared to do something, and something of a constructive and helpful nature. I therefore move an amendment seconded by the hon. member for Rosetown-Biggar (Mr. Coldwell):

That the second report of the special committee of the house to inquire into the causes underlying the high prices of farm implements be not now concurred in but be referred back to the committee with instructions that they may add the following:

Whereas the agricultural implement companies have disregarded the recommendations of the committee and have failed to reduce their prices since this report was presented to the house on April 8, 1937, but on the contrary have announced an increase in prices which took effect on November 1, 1937, that the government carry out the recommendation of the report by taking immediate steps to assist farmers in the organization of cooperatives for the distribution and servicing of farm implements.

Hon. J. G. GARDINER (Minister of Agriculture): I have listened with a great deal of interest to the address just delivered by the hon. member for Weyburn (Mr. Douglas) and also to the suggested amendment. I doubt very much, however, whether it is in order; I suggest that it is not. It deals with a matter of policy, instructing a committee to dictate government policy, something which I doubt that this house would care to do or has power to do. While you are considering the question of whether or not it is in order, Mr. Speaker, if I have your permission I shall proceed with the discussion of the original question.

The hon. member for Weyburn (Mr. Douglas) has relieved me of the necessity of reading paragraphs 29, 30, 32 and 33 of the report of the committee, all of which bear directly upon the findings as this house has been called upon to consider them. It has been stated that two years ago some discussion arose in the house as a result of the increase in the prices of farm implements. That discussion arose largely because of opposition which came from the western part of Canada. I know the house does not consider the fact that the question was raised by hon. members from the west means that the objection to the increased prices of farm implements is purely a western one. The only reason the first objections came from the west, as compared with any other part of Canada, is that the west, more than any other part of Canada, depends upon machinery for successfully carrying on the industry of agriculture. However, that is not so true to-day as it was ten or twenty years ago.

Farms in eastern Canada are becoming more mechanized than they were a few years ago, and as a result of the evidence presented to the committee and the discussions which have taken place in the committee, I think it is fair to say that the objections to the two increases in the price of farm implements since this government came into power have come just as strongly from the eastern part of Canada as from the west. For that reason I would say that a discussion of this question to-day is not a sectional matter in any sense of the term, and anything I have to say is spoken on behalf of farmers whether they live in eastern or western Canada.

At page 1229 of the proceedings of the committee there is something which bears upon the method I intend to follow in dealing with the report:

> That these implements are truly representative of the industry is evident from the fact that in the case of the International Harvester Company information supplied thereon covered seventy-five per cent of its implement production at Hamilton, exclusive of parts . . .

That is, after having reported the list of implements to which special consideration was given.

> As in other branches of the inquiry the information submitted by the International Harvester Company of Canada was particularly valuable in that its cost accounting policy and system has been consistently followed since 1913 and in that its costs are all-inclusive. This company has, in the final analysis, only two kinds of expense, i.e., manufacturing and distribution, and every expenditure of the company eventually finds its way into one or the other of these categories.

In other words, in the evidence submitted by that company all costs in connection with farm implements were in one or the other of two classes, factory costs or distribution costs. The report continues:

> The companies agreed that all information submitted with regard to a binder could be placed on the printed records of the committee in order to give concrete information as to manufacturing costs and selling values in the industry. The binder was found by the auditor to be in most particulars close to the average of all the smaller typical implements selected by the committee. For this reason the undernoted tables as to the binder can be treated as truly informative.

Following that statement are three tables, one having to do with the eight foot binder of the International Harvester Company, the second having to do with the Massey-Harris binder and the third having to do with the Frost and Wood binder, and these statements are said to be typical of the costs, both distribution and factory, of all small farm implements sold in Canada. The report goes further and indicates that these delivered costs are at one particular point in Canada, and again that is a point which illustrates very well the costs to the farmers of western Canada. That point is the city of Regina, in the centre of the farming area that requires and uses more farm implements than any other agricultural area in Canada.

I am going to content myself by dealing with the International Harvester Company binder, rather than attempting to deal with all three companies, in view of the fact that it is typical of other farm implements, and it will be noted that the price of this binder to the farmer at Regina in 1913 was $167.02; in 1936 it was $281, an increase of $113.98 over the period under review. It has been said by some hon. members that labour had a great deal to do with that increase, and that where labour is concerned we should not criticize; that in this house we should attempt to do those things which will make it more profitable for men to be engaged in industry. I am prepared to defend labour's claim to consideration as strongly as any hon. member of the house, but I would direct attention to the fact that the cost of labour entering into the construction of an International Harvester binder in 1913 was valued at $11.97. In 1936 it was $22.62. The difference in the cost of labour as between 1913 and 1936 was only $10.65, but the increase in the price of the binder was $113.98. So we can make all allowance for the increased cost of labour and still discuss the question of whether or not the price of the binder is too high. Then let us look at the cost of material.

Mr. MASSEY: Would the minister permit a question?

Mr. GARDINER: I shall require practically all my time, but if the question is not too long I shall try to answer it.

Mr. MASSEY: I shall put it very briefly, but I just wanted to ask if the minister was prepared to take into consideration the difference in the machines themselves. After all, you could not compare the price of the cloth for a suit of clothes to fit him with the price of the cloth for a suit of clothes to fit me.

Mr. GARDINER: Well, Mr. Speaker, I have been operating binders since 1901, and in reply to the suggestion of my hon. friend I would say that the binder in 1901 cut just as many acres—if it was the same size—and did the job just about as efficiently as the binder we are using in 1938, and in most cases it lasted longer.

Some hon. members have maintained that there has been an increase in the cost of material. There has been. In 1913 the material cost $45.56; in 1936 it cost $71.06, or an increase of $25.50 over that period of time. Some members have maintained that there has been an increase in freight costs. There has been. In 1913 freight costs were $17.80; in 1936 they were $26.08, or an increase of $8.28 in that time. So we have labour costs increasing by $10.65; material costs increasing by $25.50, and freight costs increasing by $8.28, or a total of $44.43. So I repeat that after having given consideration to these three items, we find that the price of the binder was increased by $113.98, not by only $44.43. In other words, the price of a binder could be reduced by $69.55, to sell at $211.45, without affecting increases in labour, material or freight costs, still leaving the same mark-up as in 1913. These are factors over which the companies have little if any control. They have probably no great control over the cost of labour; they have probably no great control over the cost of materials, and they have very little if any control over the cost of freight.

But there are two other items that enter into the cost of placing a binder at the disposal of the farmer. The first is the overhead or burden, the difference between the two years being $18.18. The second item is the sales cost, and in this instance the difference is $15.05. These two increases amount to $33.23. Even if the companies have no power to adjust these matters, the total increase in cost is $77.66, whereas the increase in price is $113.98. Therefore, a binder could have been reduced in 1936 by $36.32 without the companies having to adjust any of the items of cost submitted in the table which appears on page 1230. If that were done, they would still have as a mark-up exactly the same amount as they had in 1913, when they sold a binder in Regina for $167.02. If overhead costs were maintained at the 1913 level, a binder could be sold for $52 less without reducing any of the other costs and still leave the mark-up of 1913.

Someone may ask, Why compare 1913 with 1936? Nineteen thirty-six is not the year of highest cost of materials entering into the factory costs of farm implements. According to this table, the cost of delivering a binder to a farmer in Regina in 1921 was $262.53. This was the year in which binders sold at the highest price in the history of our country. The cost of delivering the same binder in 1936 was 201.74. A binder sold for $326 in 1921 and for $281 in 1936. The mark-up in 1921 is $63.47, and in 1936, $79.26. Labour received $9 more from the binder in 1921 than in 1936, whereas materials cost $41.06 more than in 1936. In other words, on the basis of 1921 a binder could have been sold for $16 less than it was sold for in 1936, and the companies would have been left with the same mark-up as they had in the year of the highest cost.

Let us take the year 1922 and compare it with 1936. According to this table the cost of delivering a binder to a farmer in Regina in 1922 was $204.91, which is $3 more than it cost in 1936. The binder was sold for $15 more in 1936.

Mr. MASSEY: You cannot compare the prices of those two years at all.

Mr. GARDINER: We shall make the comparison later. In other words, a binder could have been sold for $12 less in 1936 and have left the companies in exactly the same position as they were in 1922.

Let us look at 1926. According to this table it cost $215.61 to deliver a binder to a Regina farmer in 1926, and $201.74 in 1936. The mark-up in 1926 was $67.39, whereas in 1936 it was $79.26. On the basis of 1926 the binder could have been sold for $12 less. Let us come down nearer to the present time and consider the year 1932. According to this table it cost $236.17 to deliver a binder to a Regina farmer in 1932, and $201.74 in 1936. The mark-up in 1932 was $36.83 as compared with $79.26 in 1936. On the basis of 1932 a binder could have been sold in 1936 for $42.43 less. In other words, there was an increase in the 1936 price as compared with other years and an increase in mark-up over and above the actual costs in other years, running all the way from $12 in the lowest year to $42.43 in 1932. I contend that a binder could have been sold at a lower price, and my contention is backed up by an examination of the cost basis in any one of the years with which I have dealt.

The binder is the average implement among all the implements used by the farmers in the Dominion of Canada. Therefore, I think we are safe in saying that all other small implements could have been reduced an equal amount without putting the companies in any worse position than they were in during any of the preceding years. There is another way in which this matter may be looked at. The table shows that the cost of placing an eight foot International Harvester Company binder in the hands of a farmer in Regina in 1936 was $201.74. This binder was sold for $281 cash, which is close to a 40 per cent write-up on the total cost, which includes factory costs, distribution costs and sales costs. I think it

would be more correct to figure the mark-up on factory costs alone. Why should a company draw 40 per cent on the freight, on the cost of hauling an implement from eastern Canada to Regina? It would be more correct to figure the mark-up on factory costs alone, leaving out freight and sales costs. The factory cost is $130.16, and calculated on this basis the write-up is 55 per cent.

Mr. DUNNING: That would include overhead.

Mr. GARDINER: The factory costs would include overhead or burden, and labour and material. Why should not any industry base its write-up upon these factors? If the company was satisfied with a 20 per cent write-up on the actual factory costs, even though that is high, this International Harvester Company binder would have sold in Regina in 1936 for $227.61 instead of $281. That would have meant an actual reduction to the western farmer of approximately 19 per cent. As I say, the binder is an average implement, and similar reductions could have been made on all other implements, which would have meant a saving of 19 per cent on the full line of implements used by the farmers of western Canada.

I think it is apparent from an examination of the evidence placed before the committee that there is no good reason why the implement companies could not have reduced their prices in 1936 instead of increasing them. It will be said that there is a reason; that we have been passing through difficult times, but the times for the farmer in 1936 were not as difficult as the times for the farmer in 1932. With a higher cost of production the implement companies were able to sell a binder at a lower price in 1932 than in 1936. They have not been satisfied with the write-up of 1936; they have added another nine per cent to the 1936 price of binders. When I was home the other day I priced a binder in my home town, and I found that a binder that cost $295 a year ago would cost me $322 to-day. This is an increase of $27 between the time this committee first presented this report to the house and the present time. I suggest that there is no reason to be surprised that those who are interested in the implement business should cry out on occasion that these implements are different and that—

Mr. MASSEY: Mr. Speaker, on a question of privilege. I have no interest whatsoever in the implement business.

Some hon. MEMBERS: Order.

Mr. GARDINER: I am not referring to the hon. gentleman at all. Why should he be so touchy?

[Mr. Gardiner.]

Mr. SPEAKER: The hon. member is making a point of order, and has the floor.

Mr. MASSEY: Mr. Speaker, I interrupted the minister a few moments ago with a statement which he repeated and prefaced it with the words "those who are interested in the implement business." I—nor is any member of my family—am not interested in the implement business and have not been for six years.

Mr. GARDINER: As a matter of fact, I did not have the hon. gentleman in mind at all at the moment, but if he thinks I referred to him I am quite prepared to withdraw the remark.

Mr. MASSEY: Thank you.

Mr. GARDINER: I was going on to deal with another matter, and was simply prefacing it with that remark. Again I say I am not at all surprised that those who are interested in the implement business in Canada called our attention from time to time to the fact that the implement is not the same implement, although again I repeat, as I did to my hon. friend a moment ago, that I have found the implement served the purpose just as well in the preceding years as it serves the purpose at the present time if you are buying a small implement to operate with horses.

But there is another matter to which they referred, and that is the cost of credit. Sometimes we are led to believe that the cost of credit is the reason for the great increase in the price of farm implements, and that the cost of credit is to be charged back to the purchaser even in the cash payment on an implement to make up for bad debt losses. If that were true, I would be justified in saying to the house that the implement companies which were practising that kind of business in this country are charging up bad business practice to the cash price of implements rather than charging up bad business practice to the shareholders who are responsible for the management of their company. But I find, on examining the evidence which was placed before the committee, that it was clearly shown that the costs of credit are not charged up in the cash price; that this cash price stands pretty clearly on its own legs, and that there is no reason for our saying that the bad debts in any way affect the increase in the cash price. The committee says, at page 1256 of its report:

> In the case of farmers purchasing on the terms set out on Table 1, it is shown that the credit expense expressed as an annual interest rate ranges from 24·7 per cent on the unpaid balance in the case of a 6-foot heavy mower to 42·5 per cent in the case of a W-30 tractor.

In Table 5 the credit expense expressed as an annual interest rate ranges from 22·4 per cent on the unpaid balance in the case of a 6-foot heavy mower to 34·9 per cent in the case of a 7-foot single disc.

Those rates are sufficient to indicate that there is no reason why any company that can borrow money from five to six per cent should lose anything in a mark-up price on account of credit, together with interest charges for carrying that credit, amounting to the figures I have just given.

The committee points out that in increasing the initial payment the companies have not decreased the amount of loading in the time prices. Thus the credit charges stated in the terms of a per annum rate of interest have increased appreciably as the amount of the down payment has been increased.

In order to explain the meaning of that I would say that we have in western Canada, in particular, implement acts, and they state the conditions under which implement companies shall sell their implements. One of those implement acts in one of the provinces was amended recently in order to say that the implement companies have a claim only against the implement itself if they undertake to repossess it. It means there has been an increase in the cash payment on the implement when the implement is purchased, but in spite of the fact that there has been an increase in the cash payment required, the farmer who buys on credit pays exactly the same amount over cash price that he paid when the implement company gave him time for three-quarters or all of the price of the implement. So the cost of carrying the unpaid part is up to-day rather than down.

The committee also says:

Two different points of view were expressed by members of the committee in the discussion over the credit policy pursued by the companies. Some members were of the opinion that the cash purchaser of farm implements has been paying some of the cost on the credit sales. Other members of the committee were concerned with the cost of credit to the purchaser who found it necessary to purchase implements on time. After consideration of these two points of view, and evidence relating thereto, the committee is of the opinion that the cash and credit purchasers have been paying too much for implements and the credit purchasers too much for the credit extended to them.

The last evidence submitted from the committee's report to justify the conclusions I intend to draw is the paragraph and table headed "Expenses incidental to the granting of credit," to be found on page 1257 of the report. It states:

Bad debt losses have, of course, been an important factor in the distribution expense and the auditor to the committee has compiled the under-noted tabulation showing the ratio of losses to net sales for each of the principal companies in the industry. This covers the period from 1926 to 1935, inclusive.

If the house will permit the few figures I have here, other than the totals, to be placed on Hansard without my reading them, it will save me perhaps the time I have lost in answering the few questions up to the moment. The figures are as follows:

	Approximate net sales in Canada	Bad debt expenses in Canada	Per cent of net sales
International Harvester Company (including trucks but excluding twine)	$117,000,000	$ 6,625,000	5·7
Massey-Harris Company (excluding twine)	58,000,000	3,452,000	5·9
Deere and Company	37,530,000	1,256,000	3·3
Cockshutt-Frost and Wood:—			
East of Peterborough	6,132,000	147,000	2·4
West of Peterborough	28.078,000	1,246,000	4·5
Total	$34,210,000	$ 1,393,000	4·0
Total all companies	$246,740,000	$12,726,000	5·2

The total approximate net sales in Canada of all companies is $246,740,000 for the past ten years; bad debt expenses in Canada for the same period, total $12,726,000, or 5·2 per cent. That is, the actual bad debt losses are 5·2 per cent.

The three points which I wish to submit as a result of examining into this particular evidence in regard to credit are these:

First, the companies are not doing a losing business or they would not continue the volume of credit business they are doing in Canada to-day. The volume of credit business which the companies are prepared to do in Canada is an indication that they are doing fairly well in the credit business in this country.

Second, the high annual rates charged for credit which would be secured by the com-

pany at a fraction of the rate charged the farmer is an indication that they are not losing on their credit business.

Third, the comparatively low ratio which bad debts bear to total sales over the worst ten year period in the history of the business is an indication that they are not losing.

I think, after having considered these points, we would be justified in concluding that the credit business does carry itself. If it does, then we are justified in contending that no part of the cash price charged for an implement is made necessary by bad debts. It is, however, maintained by the committee that the cost of giving credit should be materially reduced, and hence the price to the farmer who must buy his implements on time be reduced. On page 1256 of the report the committee states:

> The committee concludes, therefore, that there is in the implement industry, an inclination to believe that a large volume of sales on such terms of credit is profitable. Both the farmer and the industry will be benefited if credit is more carefully scrutinized and the saving to the industry resulting therefrom passed on to the farmer by way of a price reduction and by a reduction in credit cost.

I think I can pass on to deal with two other matters which are of considerable concern to the house. It would appear from the evidence submitted and from the findings of the committee that there are four factors entering into price which over the period inquired into have resulted in increases in prices of farm implements delivered at the farm. They are costs of material, labour, overhead and distribution. Two of these factors may be said to have unreasonably increased. They are: (1) Overhead costs, including (a) costs of management, (b) costs of financing; (2) distribution costs, including (a) freight, (b) commissions, (c) credit, (d) sales organization.

In so far as overhead costs are concerned I can say this, that it would be difficult to imagine a more courteous, capable and energetic management for any business than those who appeared before the committee to present evidence on behalf of the implement companies. It cannot be said that the increased overhead costs are the result of poor management, and I think anyone who sat in that committee and listened to the managers of those companies who are doing business in implements in Canada to-day present their evidence, will agree with me when I say that no more efficient management could be found for any industry which is operating in this way. So any remarks that I have to make with regard to cutting down costs do not apply to the present management of companies in the Dominion of Canada or in the United States who appeared before the committee that heard the evidence. It was apparent and is a matter of common knowledge that the factories are equipped with the latest machinery with which to turn out implements. Surely the people have a right to expect, when the argument is used constantly by industry, that up-to-date machinery must be placed in the hands of those who are carrying on the industry in order that they may be able to compete with other countries, that this up-to-date machinery which is placed in the factories would produce our implements at lower costs of production. If so, the lower costs of production should result in lower prices to the consumer.

An examination of the history of machinery development and price levels from 1913 to the present reveals the anomaly of increased efficiency resulting in increased prices. I should like to suggest to the house that the people of Canada are not prepared longer either in this or in any other industry to have it represented to us constantly that in order to produce more efficiently you must have newer machinery, newer factories, and must do away with hand labour in your factories, and that, after that argument has been presented, we are going to stand for increased costs on everything turned out from those particular factories. Businesses which made wealthy men out of reputable citizens two generations ago left those wealthy men reputable citizens honoured by the whole community because of their success. The names of those citizens were household names in Canada in the eighties and early nineties of the last century. While they remained in control, prices were much more reasonable than they are to-day. How many of them control the businesses which bear their names to-day? Too many industries are controlled by corporations which have been well described as soulless. Those who have established industry in Canada have in all too many instances sold the names they made to corporations which financed upon those names in a manner which left whole families out of the industry. Instead of a man as head of an individually developed, owned and controlled factory being satisfied with a reasonable earning on his invested capital, we have organizations financed on a basis which, in order to pay what appears to be reasonable profits on invested capital, must have twenty, thirty or forty per cent on the materials, labour, overhead, sales, distribution and freight costs. Certainly the committee is right when it states that agriculture or no other primary industry

can continue to pay the price of that kind of thing. It is just possible that the methods used to regulate industry when based upon individual investment and management are not suited to regulate industry based upon corporate investment and management. If the law of supply and demand is to continue to govern the price of the products of the farm and cannot be made to govern the price of the farmers' necessities, then I am afraid governments will have to assume greater control over the organizing of corporations. If government cannot find ways of establishing at a reasonable level prices of farm products, it may be necessary to find ways of preventing industry from so organizing as to drain the last dollars out of our basic industry to pay for a business set-up which does not appear to be making an unreasonable profit on capital invested in it but establishes a group of individuals in luxury, while those contributing to that luxury exist in poverty. The people of the country are sick and tired of that kind of business control and organization. If the cost of the financial set-up of the implement business necessitates the present prices, that cost ought to come down if agriculture is to continue to be practised in that part of Canada which depends upon machinery for its continuance.

But some people may say that distribution costs ought to come down and other costs might stay up. The question the farmer is asking to-day is, if a binder could be hauled to Regina for $17.80 in 1913, why does it cost $26.08 to-day? Why have we the exceedingly high credit costs of to-day? Why is it necessary for a farmer to be bothered by three or four agents in a single day attempting to sell him farm implements when he is busy trying to seed or harvest his crop with the implements he already has? It would appear from the evidence that there is an understanding among manufacturers of farm implements that any effort put forth to sell the volume justifies the increase in price necessary to cover the sales cost. The industry seems satisfied to keep out an army of men to sell and collect, at enormously increasing cost, for the results of mass production rather than attempt to sell at the actual cost plus reasonable profit upon the machinery and implements the farmers must of necessity have. Distribution costs must come down. The agricultural industry of this country cannot pay them in the prices of implements.

Then we say this, that competition reduces prices. There would appear to be only two ways of directly reducing overhead and distribution costs. The first would be by assuring that the law of supply and demand will operate. One only has to follow closely the evidence before the committee to realize that not only does the law of supply and demand not operate in setting the price of farm implements but the industry does not think it should. If the law of supply and demand operates when the demand is down, the price will be low. It is quite evident to anyone who sat in the committee that no member of the industry believed otherwise than that when the demand is down the price ought to be up. But that is not in accordance with the law of supply and demand. The whole trend of the evidence submitted was that because the demand is low and the investment remains constant, the price should remain high or be increased. The evidence also clearly shows that some power has been able to arrange that the law of supply and demand should not operate. It is submitted that there is no ground for permitting an industry so necessary to the prosperity of a primary industry to operate if controlled other than by the free operation of the law of supply and demand. They maintain that if the industry to-day is fixing prices at a level sufficiently high to take care of organization costs resulting from a financial set-up and distribution system based upon the idea that the machines of mass production must be sold, then they are justifying putting into effect the only other means of keeping prices reasonable, namely price control.

After having heard much of the evidence and read the report of the committee, I am more convinced than ever before that the farmers of this country in common with other consumers of the products of industry are being deprived of the financial advantages which invention and scientific discovery should have made possible. I prefer to see the law of supply and demand operate through competition to keep prices reasonable rather than depend upon price fixing by governments, and I think I am enunciating Liberal policy when I make that statement. But the law of supply and demand has never been able to operate in any country in the world for any considerable time under high protection. I think that can be stated clearly. I believe I can say, in answer to statements which were made in this house in early discussions of this question, that generally speaking the reducing of tariffs from time to time has reduced the price of farm implements. There may be exceptions, but there are exceptions to all rules. Let us review for a moment the history of the matter. One has only to turn to page 516 of the evidence before the special committee of 1937, and read the testimony of possibly the out-

standing authority on implement manufacture and sale, Mr. C. R. Morrison, president of the International Harvester Company of Chicago, to be assured that increased tariffs tend to increase costs. I asked Mr. Morrison the following questions:

Q. I understood you to say to Mr. Thorson a few moments ago that you could supply implements from the Chicago plant to western Canada at the present rate of duty at a lower cost than from Hamilton?

A. I believe that to be the case.

Q. If the duty were 25 per cent instead of 7½ per cent could you?

A. I am not sure. We would have to do some figuring on that.

Q. It would make a difference?

A. Oh, to be sure. The amount of duty you have to pay on importation is, of course, a factor in determining which point would be most economical from which to make the distribution.

Q. That is a factor in the cost?

A. Decidedly.

In other words, there is no question in the minds of the men in the industry themselves as to whether a duty paid on implements coming into the country is a factor in the cost of delivering to the farmer, and therefore a factor in the setting of the price itself. If one has any doubt that a reduction of tariffs reduces prices, one has only to compare the table appearing at page 246 of the evidence of 1936 with the table appearing at page 1230 of the report of 1937. The duty was 12½ per cent on binders coming into Canada from 1914 to 1921. During that period, partly because of increase in costs and partly because of a relaxation in vigilance during the war period, prices rose from $167 at Regina to $326. The tariff was reduced in 1922 by 2½ per cent and there were general reductions all along the line which reduced costs of material, resulting in a $60 reduction in the price of binders. For some reason or another, when that reduction was made in 1922, during the very year in which it was made, although the reduction was only 2½ per cent, the price of the binder was reduced by $60 as compared with 1921.

Immediately following this experience, another attempt was made to bolster prices; by 1924, with an increase of less than $2 in costs, price of a binder was increased by $42. The government reduced the duty by another four per cent, leaving only six per cent. The price of binders dropped by $25 although the costs dropped only $1.65. Imagine! The duty is reduced by 2½ per cent in 1922 and the binder goes down $60, whereas inside two years the companies, with an increase in cost of less than $2, succeed in putting up the price again to $308, an increase of $42. They did not increase prices again while a Liberal government was in power. During the rule of the Conservative government and a twenty-five per cent duty, they agreed to maintain prices, and even at the risk of loss with greater costs of production than existed in 1936 they reduced prices. They maintained prices at a dead level from 1924 to 1930 when the new government was placed in power, and for a time after that government came in. The cost of production increased from $138 in 1929 to $164 in 1932, or an increase of $26, and during that period the price of a binder decreased by $10. The cost of producing a binder in 1936 was $130 and the duty, 7½ per cent, and they charged $18 more for it than they did in 1932. I venture to say that the cost of producing a binder to-day is not as high as it was in 1932, and they are charging us $322 for it. I do not hesitate to say that in spite of those two increases, one of $18 and the other of $27, the cost of producing a binder in Canada to-day is not as high as it was in 1932.

I say that in the light of these facts either this industry was playing with the propounders of high tariff during the previous government's period and is now reading a political lesson to the supporters of Liberalism, or they have been the victims of the inevitable results of high protection. What are the inevitable results of high protection? They are those that were learned during the last generation in the United States of America. High protection, by inducing competitors into a field already provided with sufficient industry, forces prices down to a point where industry cannot pay and compels price fixing to remain in business and to gain back profits. When you impose a high protective tariff and induce into industry more by way of labour, more by way of capital and more by way of industry than the demands upon that industry require, you by that very means force an unnatural competition into the business, which forces prices down. The only way in which companies have ever found it possible to overcome a condition of that kind has been through monopoly and price fixing, and it is only while they are permitted to do this that companies can increase prices in spite of the fact that there is a reduction in duties on commodities coming into the country. For that reason I repeat the statement that high protection, by inducing competitors to enter a field already provided with sufficient industry, forces prices down to that point where industry cannot pay and therefore compels price fixing in order that it may remain in business and regain profits. That is the kind of argument we hear to-day. Which ever course is being pursued by industry to-day must be brought to an end.

The industry has paid no attention to the complaints of farmers and the warnings of the committee. If they persist in this course action should be taken which they would fully understand and appreciate. Agriculture, which is the greatest primary industry in Canada, refuses to be bled any longer by half a dozen manufacturing plants which give as their only real reason the fact that they are employing 4,159 men.

We as a farming population have thousands upon thousands from Halifax to Vancouver and Victoria, and those thousands upon thousands should not be called upon to pay enhanced prices for farm machinery such as we have been asked to pay during the last two years, merely for the purpose of keeping a comparatively few people engaged in the industry. Every man employed in Canada to-day should be kept employed, but I suggest that the figures that I have submitted to the house, which will carry us back into the years when twice as many men were engaged in the agricultural implement industry, will bear me out when I say that every time better conditions under which to produce have been brought to bear upon the agricultural industry, the implement industry has prospered.

It has done better; it has been able to employ more men, to sell more machinery. The Liberal party with its policies is the friend of industry in Canada, and we are asking them to cooperate with that policy in helping this country back to a time of greater prosperity.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I submit to my hon friend Mr. Douglas (Weyburn) and the house that his amendment is not in order, because it suggests referring back the report of the committee to the committee. The committee has ceased to exist, and therefore it is impossible to refer the report back to it. The committee has ceased to exist for the simple reason that the rules provide that where a committee has submitted its final report, its proceedings are assumed to have ended, and unless the committee is revived it ceases to exist. I refer Your Honour to standing order 66 on reports from committees, citation 664:

> If a committee at the conclusion of their inquiry make a final report to the house, the sittings of the committee are assumed to have been closed, and if further proceedings were desired it would be necessary to revive the committee.

Also prorogation has the effect of ending the work of all committees and dissolving them. If a committee is to continue its work at a subsequent session, it must be revived by special motion to that effect. On that I refer to Bourinot's Parliamentary Procedure, page 103:

> In like manner a prorogation has the effect of dissolving all committees, whether standing or special.

In the circumstances I submit that the amendment is out of order.

Mr. WOODSWORTH: Might I ask the Prime Minister why we should be considering the report of the committee if the committee has been dissolved?

Mr. MACKENZIE KING: What we are doing now is considering the matter of concurrence in the report of a committee. The committee had submitted its final report, and in so doing it is assumed to have ended its proceedings. As I said, prorogation itself would have ended the committee. If it were the desire of the house to revive the committee, that could be done by a motion, and then any matter could be referred back to the committee, or the report itself referred back. But at the present time the committee is non-existent.

Mr. SPEAKER: I think the point of order taken by the Prime Minister is correct, that there is no body now existing to which we could refer the subject matter of the amendment of the hon. member for Weyburn. I therefore declare the amendment out of order.

Mr. M. C. SENN (Haldimand): I wish to discuss very briefly some aspects of the report which is now before the house, and to comment upon some of the statements and arguments advanced by those who have spoken to the motion. The house has been quite lenient to-night in allowing hon. members who have already spoken to overstep their time to a certain extent, and I should like to move the adjournment of the debate.

Motion agreed to and debate adjourned.

On motion of Mr. Mackenzie King the house adjourned at 10.45 p.m.

Monday, May 2, 1938

The house met at three o'clock.

NATIONAL HARBOURS BOARD

AMENDMENT WITH RESPECT TO RIGHT OF ACTION AGAINST THE BOARD

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved for leave to introduce Bill No. 108, to amend the National Harbours Board Act.

He said: The purpose of the bill is to permit action against the National Harbours Board

in any court having jurisdiction to adjudicate upon claims, in the same way as against individuals.

Motion agreed to and bill read the first time.

EXCHEQUER COURT ACT

CLAIMS AGAINST THE CROWN ARISING OUT OF NEGLIGENCE OF OFFICERS OR SERVANTS OF THE CROWN

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved for leave to introduce Bill No. 109, to amend the Exchequer Court Act.

He said: Subsection (c) of section 19 of the Exchequer Court Act gives jurisdiction to the exchequer court to hear and determine claims against the crown arising out of any death or injury to person or to property resulting from the negligence of any officer or servant of the crown while acting within the scope of his duties or employment upon any public work. The purpose of the bill is to strike out the four words "upon any public work".

Motion agreed to and bill read the first time.

NORTHWEST TERRITORIES ACT

AMENDMENT RESPECTING SHIPMENT OR TAKING OUT OF FURS WITHOUT PROPER AUTHORITY

Hon. T. A. CRERAR (Minister of Mines and Resources) moved for leave to introduce Bill No. 110, to amend the Northwest Territories Act.

He said: Mr. Speaker, in the session of 1926-27 an amendment was passed to the Northwest Territories Act providing for the levying of a tax on furs shipped from or taken out of the Northwest Territories. Under the provisions of that act appropriate regulations were passed by the Northwest Territories council. There is reason to believe that furs are now being taken out without the necessary permit having been obtained under the act, and the purpose of the present measure is to provide the appropriate means to protect the public interest in this respect.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

WAR DISABILITY PENSIONS TO IMPERIAL VETERANS

Mr. GRAYDON:

1. What representations, if any, have been made by this government to the British government with respect to an increase of war disability pensions payable to imperial veterans of the great war now residing in Canada?

2. If any such representations have been so made, what were the nature and character of same?

3. What has been the attitude of the British government with respect to such representations?

4. Will this government consider the arrangement of a conference with the British government for the purpose of further discussing the above matter?

Mr. POWER: During the session of 1936 there was set up a committee on pensions and returned soldier problems. During the course of the hearing before the committee strong representations were made by ex-soldiers who had served in the imperial forces, at present residing in Canada, to the effect that representations should be made on their behalf to the British government. During that summer, while on the trip to Vimy, I had occasion to discuss with officers of the British Ministry of Pensions the situation with respect to these ex-members of the imperial forces. I made certain informal representations. As a result of these representations I came to the conclusion that no particular encouragement would be given to the idea that there should be special recognition for ex-imperial soldiers now residing in Canada. The British government, or representatives of the British government with whom I discussed the matter, felt at that time that it would not be fair to ex-service men residing in other dominions that special favours or special privileges should be accorded to ex-members of the forces in Canada.

As to the fourth question, this is a matter of government policy, and I do not think it has a place on the order paper.

OVERSEAS SERVICE OF CANADIAN TUNNELLING COMPANY

Mr. MacLEAN (Cape Breton North-Victoria):

1. When the Canadian tunnelling company was formed in 1915, for special service overseas, were the members thereof promised extra pay?

2. Was extra pay promised them as an inducement to join said company?

3. If so, have these men been paid this extra pay?

4. Did the imperial and Australian companies, engaged in similar special work, receive extra pay? If so, at what rate?

Mr. MACKENZIE (Vancouver):

1. No extra pay was authorized to be paid to personnel enlisted in, or transferred to Canadian tunnelling companies, and no officer was authorized to make any promise as to extra pay.

2. and 3. Answered by No. 1.

4. Personnel mustered as tunnellers in British tunnelling companies in 1915, received certain special inclusive rates of pay, ranging from 6s. 0d. to 8s. 1d. per day, depending on rank—from Sapper to Sergeant.

Tunnellers' mates received working pay at the rate of 1s. 0d. per day in addition to the pay of their ranks.

No information as to rates of pay in Australian tunnelling companies is available in the department.

*REPORTED REVOLUTION PROPOSED IN QUEBEC BY FATHER GRAVEL

Mr. CHURCH:

What action will be taken by the government to prevent or suppress the revolution proposed by Father Gravel as the means for the people of Quebec to recapture their own province as reported by the press of Quebec city in articles published on April 6, 1938.

Mr. LAPOINTE (Quebec East): This question serves to show the soundness of the rules of the house to the effect that a question should seek to obtain information, not to supply it to the house. The government is not aware of the facts mentioned by the hon. gentleman, but I know personally that he has been wrongly informed, at least in some important particulars. I may add that the fears of the hon. gentleman are groundless. There will be no revolution in Quebec.

REPORTED ILLEGAL IMPORTATION OF ARMS INTO QUEBEC

Mr. CHURCH:

1. Has an investigation been held by the government into the alleged smuggling of arms and ammunitions from the United States by fascists in the province of Quebec, as recorded in a special dispatch from Montreal to the weekly Toronto Star of April 23, 1938?

2. What action will be taken in the matter?

Mr. LAPOINTE (Quebec East):

1. Yes.

2. It is not considered in the public interest to answer this question.

MOTIONS FOR PAPERS

ROYAL CANADIAN MOUNTED POLICE—ALBERTA

Mr. MacKINNON (Edmonton West):

For a copy of all letters, telegrams and other documents exchanged in the past year between the attorney general of the government of Alberta and the Department of Justice relating to the proposed termination of the contract for the policing of the province of Alberta by the Royal Canadian Mounted Police.

THE "TRUTH SEEKER"

Mr. PELLETIER:

For a copy of all correspondence, telegrams and other documents exchanged between the Minister of National Revenue or any officer of his department, and the American Association for the Advancement of Atheism, publishers of the "Truth Seeker," concerning the admission into Canada of this publication.

WAINWRIGHT, ALTA., RURAL MAIL CONTRACT

Mr. FAIR:

For a copy of all correspondence, letters, telegrams and other documents exchanged during 1936 and 1937 between the Postmaster General or any official of the Post Office Department, and any other interested parties in connection with contract for hauling mail on Wainwright No. 1 rural route.

PELAGIC SEALING

Mr. NEILL:

1. A copy of all or any regulations made by the Department of Fisheries or the government for carrying out the provisions of the Pelagic Sealing Act of 1913, now chapter 153 of R.S.C. 1927, showing also the act and section on the authority of which they were issued and, if they were gazetted, the date of such gazetting;

2. A copy of any or all letters from any official of the Department of Fisheries containing instructions or requests to any customs officer regarding the inspection or confiscation of seal skins between the passing of the Pelagic Sealing Act of 1911 and the present date;

3. For a return showing the latest date up to which, in each case, the United States, Russia and Japan, respectively, have paid to Canada the appropriate sum of money or delivered the appropriate number of seal skins due to be received by Canada from each of the countries named under the terms of the Pelagic Sealing Treaty of 1911.

WASHABUCK CENTRE, N.S., WHARF REPAIRS

Mr. BROOKS:

For a copy of all payrolls for labour and costs of material in connection with the repairs made to the Washabuck Centre wharf, Victoria county, Nova Scotia, under the foremanship of Mr. R. J. McLean.

E. H. PELLETIER

Sir EUGENE FISET (for Mr. Deslauriers):

For a copy of all papers, letters, telegrams and other documents exchanged between the government or any officer thereof and any other persons with respect to Mr. E. H. Pelletier, post office employee at Montreal.

FISH TRAPS IN BRITISH COLUMBIA

Mr. NEILL:

For—1. A return showing all correspondence between the minister or any official of the Department of Fisheries and any other person regarding the use of fish traps in British Columbia since February 1, 1937, to date;

2. A copy of any petitions regarding fish traps in British Columbia received by the Minister of Fisheries since September 1, 1937, showing the date received, to whom the petitions were addressed, the disposition made of the petitions, and names, addresses and occupations, if given, of the signatories thereto.

NEW WESTMINSTER HARBOUR

EXTENSION OF BOUNDARIES OF HARBOUR AND REMUNERATION OF COMMISSIONERS OUT OF HARBOUR REVENUES

Right Hon. W. L. MACKENZIE KING (Prime Minister—for the Minister of Transport) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce amendments to the New Westminster Harbour Commissioners Act to extend the boundaries of the harbour and to provide remuneration for the services of the commissioners out of harbour revenues.

He said: His Excellency the Governor General having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

UNEMPLOYMENT RELIEF

MEASURE FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

The house resumed from Friday, April 29, consideration in committee of Bill No. 105, to assist in the alleviation of unemployment and agricultural distress—Mr. Rogers—Mr. Sanderson in the chair.

On section 1—Short title.

Mr. WOODSWORTH: Mr. Chairman, this bill is along the lines of the legislation of previous years. I should like to get the minister if possible to state whether the administration is to be along the line of previous years. Since the discussion on Friday the report of the dominion commissioner of unemployment relief has been distributed. Surely it is not too much to ask the minister whether he proposes to proceed along similar lines next year. When legislation of this kind was first introduced it was confessedly emergency legislation; it included drought relief and unemployment relief. Drought is due to natural causes—according to the leader of the opposition (Mr. Bennett), due to an act of God. Unemployment, on the other hand, is undoubtedly due to the blundering of man. I do not know why the two should again be put together this year.

Since unemployment can no longer be regarded as an emergency, it should not be dealt with by an emergency measure. Let us take the figures—and I am speaking now of relief apart from drought. I notice that in March, 1934, the numbers assisted, as reported by the provinces and the federal departments, excluding the drought areas, totalled 1,205,863; in March 1935, the number was 1,172,246; in March 1936, 1,240,074; and in March 1937, 1,045,766. Then unemployment dropped until in September of that year the number assisted was 543,336; but since that time the numbers on relief have been steadily increasing until we are back again in March to 848,497. So that the problem, far from having been solved, seems to be again on the increase.

I submit that this type of relief is haphazard. It bears every mark of an improvised scheme and is wholly inadequate; there are many gaps and many people are suffering. Take transients. The development of this country called for a large number of unskilled or semi-skilled workmen, a huge mobile army that could be readily transported from one province to another. This army still exists, but its members cannot establish residence in any one province. That is the difficulty. There are some 4,000 of them now roaming the streets of Vancouver; many of them belong no more to Vancouver than to Ontario or Saskatchewan or Alberta. They are part of that great army. Vancouver city ought not to be called upon to take care of them, nor should the province of British Columbia, and yet this government looks to the province to do this sort of thing. It will be said, of course, that the difficulty is inherent in our constitution, but it seems to me that we must find some way to get around it.

Since the discussion on Friday two memoranda have been sent to me from my own city of Winnipeg, one pleading for highway construction, and the other for help in the repairing and erection of school buildings. It may be said that under the British North America Act school buildings are obviously a school responsibility; but the province is almost bankrupt; and after all, why should we have expenditures on unneeded barracks, and not have expenditures on needed homes? Why should we have ornate public buildings in one part of the country, while in another part of the country we are not able to provide even for schools and hospitals?

The hon. member for Fort William (Mr. McIvor) in the discussion the other day spoke in favour of projects for youth training. I quite agree with him, but I would point out that the training of youth is worth very

little unless it is supplemented by work for the young people so trained. Are we going to have to wait and wait until possibly a war breaks out or some other catastrophe of that kind overtakes us before granting to our youth what seems to me to be their inherent right, an opportunity to work?

There is another matter I wish to mention in this connection and that is unemployment insurance. It ought to be an integral part of any scheme of this kind. The government promised that measure very definitely at the last election. They are pledged to unemployment insurance. I do not think they can very well escape responsibility by saying that one or two provinces object to the scheme. The problem is still there. Ways and means were found, in regard to old age pensions, whereby the measure was actually put into operation even though a number of the provinces were opposed; and now even the provinces that were opposed at that time have fallen into line. We have a right to ask the Minister of Labour (Mr. Rogers) or the Prime Minister (Mr. Mackenzie King) who is now in his seat, to tell us whether the government proposes at this session to bring down unemployment insurance.

We hear a great deal from members of this house about the pioneering spirit. We are told that a great many of the unemployed ought to get out and work as the pioneers did. But surely anyone who makes this statement must realize that conditions are very different now from the conditions under which our pioneering forefathers came to this country and established homes for themselves. They were able to push into the wilderness, to conquer new territory, to discover new resources and to invent new methods. Why should not we in this house exhibit the pioneer spirit? It seems to me that it is our duty in these days to do pioneering in our modern industrial, commercial and social environment. What is the use of following along day after day, week after week, year after year, the old principle of giving doles to beggars? If we had one-tenth of the spirit of the pioneers we in this house would invent some new way of dealing with unemployment.

As I said on Friday, I hesitate to criticize the Minister of Labour in this fashion, because there is no member of the cabinet for whom I have a higher regard; but I must insist that the government must be held responsible for this situation. The hon. member for Cochrane (Mr. Bradette) I believe it was, pleaded for cooperation. We are very willing to cooperate, but every member of the house knows that members in opposition—for that matter any private member—cannot bring in a money bill. We know that according to the composition of the house the government has an enormous majority, and the government in taking office takes the responsibility of dealing with this situation. I do not think the minister is justified in simply bringing in an enabling bill without giving us a very much fuller explanation than he has hitherto done of what the department and the government propose to do with this question, which he himself admits is one of the most important questions before the Canadian people to-day.

Mr. HEAPS: Before the clause carries I hoped that the minister might have given an answer to my hon. friend's question. The other evening I discussed the question of relief allowances, and the minister informed me at that time that the government have very little control over the amount of relief that is granted. I do not know exactly what methods are adopted by the department to control the amount of relief granted in the various municipalities. But in introducing this measure a few weeks ago the Minister of Labour (Mr. Rogers) referred to the fact that there are certain districts in Canada where it was claimed that the relief scales were too high, or were competing in recent years with the labour market. When I raised this question the other night I had in mind the fact that in the Winnipeg district those in charge of the granting of relief were laying down certain scales of expenditures to apply to persons who, previously in receipt of relief, were working either on public projects or in private undertakings. I gave figures showing how much the recipients of relief were receiving. Now I am going to give the amount that a person working is allowed to spend. I want the committee to understand the importance of the implications of an organization laying down limits to the amount which persons who happen to have been in receipt of public relief may spend.

In Winnipeg the amount allowed to a husband and wife on relief was $12.76 for food and $14.17 for rent, light, etc., making a total of $26.93 per month. Of course this does not include a great many things which are necessary to existence, such as clothing. According to the rules being laid down for the Winnipeg district it appears that if the husband is working the couple will not be allowed to spend more than $50 per month. If they do, and if they go on relief again, they will find themselves penalized. For a household of five persons the maximum expenditure allowed is $80 per month. If they spend more and subsequently have to go on relief—and such greater expenditures may be unavoidable by reason of sickness for example

—they will not be given public relief unless they can show to the relief commission exactly how that money has been spent. Now in this a vital principle is involved, and the government cannot absolve itself of responsibility. The minister claims that in some districts the scale of relief is too high, so he must have had something in mind. And when relief bodies lay down regulations as to how much a month a person who has received relief may spend, they are interfering with the standard of living in a way in which I think it ought not to be done by any public body. I should like to know whether the government are in any way responsible for these regulations. If they are not directly responsible I would ask the minister whether the government have approved of any of these regulations by control over the amount of money that is spent in any municipality.

Mr. ROGERS: Taking up first the question raised by the hon. member who has just spoken, the determination of relief allowances has always remained with the municipalities, subject to provincial regulations. In the agreements between the dominion and the provinces covering the grants in aid, as I indicated last week, provision was made during the last quarter of the past year that the relief scales should not exceed the normal earnings of the individual or family. The intention of that was to prevent relief scales competing with the labour market. Apart from that we have not exercised any control whatsoever over the relief allowances in the various provinces and the municipalities within the provinces, nor do we approve the specific regulations made in the municipalities. My hon. friend will understand that those who are closest to the situation are in a far better position to do that than any officials of the dominion Department of Labour would be. There is a great diversity of relief allowances across this country from Prince Edward Island to Vancouver, and, as I pointed out before, even within the provinces there is great diversity. I know of no way in which you can deal with that satisfactorily under existing conditions except to leave it with the municipalities who are primarily concerned.

Mr. HEAPS: Does the minister approve of these municipal or other bodies associated with the granting of relief laying down rules as to the amount a family may spend during the time they are off relief?

Mr. ROGERS: There is also a provision in the recent agreements with the provinces whereby there may be assistance through budgeting during the time they are off relief, in order that those who had been on relief may be helped to spend their earnings in the most provident way. The whole intention is rather to give assistance to those who have been on relief, not to embarrass or handicap them in their reestablishment.

May I return to the series of questions raised by the hon. member for Winnipeg North Centre (Mr. Woodsworth). I have no doubt they will be raised again in another form after we get beyond the title clause of the bill.

The first point he raised was with regard to the wisdom of separating agricultural relief from unemployment relief. In that connection he referred particularly to relief in the drought areas. He may not have been in the house the other day when I pointed out that when we were obliged to meet a recurrence of the drought situation in the autumn of last year it was decided that it would be preferable that the administration of direct relief in the drought areas should be placed where the administration of other forms of relief in the drought areas had already been placed, namely with the Department of Agriculture. That has been done, and will be continued.

Mr. WOODSWORTH: I understood that, but why bring in an omnibus bill which includes these very diverse types of relief in one measure?

Mr. ROGERS: The reason lies in the fact that we proceed under the broad provisions of this bill to enter into agreements with the various provinces concerning the administration of particular forms of relief. For instance during the past year we would normally have had as many as five agreements with the western provinces covering direct relief, youth training, joint works projects, and the various forms of drought relief. Under the broad provisions of this bill we enter into agreements with the provinces covering the various measures of relief.

Mr. WOODSWORTH: What about transients?

Mr. ROGERS: We have dealt with the provinces. We have recognized that transients ought not to be a direct burden upon the municipalities. At the same time there has been during the past ten years a constant movement of transients back and forth across the country.

Mr. WOODSWORTH: For the past twenty-five years or more.

Mr. ROGERS: I am willing to agree that it has gone on much beyond ten years. It has been a feature of the growth of this country, as my hon. friend has said.

But in other years these transients might have been regarded as seasonal workers. They were usually able, at least they were willing, to find seasonal work which would carry them through the year without having to depend in any way upon state assistance. During the very severe years of the recent depression provision was made for these single unemployed transients by means of the relief camps established under the Department of National Defence. As many as 25,000 of these single unemployed were sheltered in these camps during the winter months. As my hon. friend is aware, that number was reduced very much during the summer months. in fact many of the camps were closed during that period. We prepared for that situation in a way which is fully understood by hon. members of the committee and I shall not go into it in great detail at this time.

We provided that the dominion and the provinces would assume responsibility for caring for these single homeless men during the winter months. This has been done by means of the farm employment plan in the prairie provinces and the forestry conservation camps in British Columbia. In all cases these plans have operated within restricted seasons of the year, normally from mid-October until April or May. When the severe winter season had passed many of those who had found temporary shelter or employment under these plans for transients went to various occupations of a seasonal nature. By means of these plans we have stabilized the problem, at least during the winter months, at which time it used to be very severe.

I am sure the hon. member for Winnipeg North Centre will agree that the provisions made during the last two or three years for the single unemployed under the farm employment plan have certainly reduced the number who would have been receiving meals at the centres where meals were given out in Winnipeg. I have seen the figures and I am sure he is fully aware of that fact, regardless of what opinion he may have of the plan. We have undertaken that burden in conjunction with the provinces and naturally we have followed the advice of the provincial authorities as to what plans were best suited to their needs.

Mr. WOODSWORTH: With regard to the situation in British Columbia, I do not think it was adequately dealt with by the minister's statement. Why should the province in which a man happens to find himself when up against it have to be burdened with his care when he is not able to establish residence? The various offices having to do with social work generally insist that a man must establish residence before he comes under a certain scheme, but I do not think these men are any more a responsibility of a particular province than they are of any other province in which they may have happened to be for the last two or three years.

Mr. ROGERS: That principle has never applied to any of the projects intended to care for the single homeless unemployed men. We have never applied a strict residence qualification. In British Columbia there has been a restriction as to the date beyond which a transient entering the province would not be employed on a particular project. That restriction was applied with the full approval of the provincial authorities. We have applied the most liberal residence provisions in connection with the employment of transients, either on the special projects or under the farm employment plan. As a matter of fact it is very difficult to determine the domicile of many of these transients in British Columbia. According to the latest report I have seen, of a total number of, say, 4,000 previously employed in the forestry conservation camps in British Columbia, possibly 1,800 came from outside the province. The presumption is that the remainder could establish domicile in British Columbia. However, there are two forms of transiency, transiency within the province and that which might be termed interprovincial transiency. There is a movement from city to city within a province and a movement from one province to another. That is why in dealing with that special aspect of the general problem we have tried to meet the provinces upon the basis of our accepting with them the responsibility for the care of these transients through the severe winter months. Our past experience has shown that during the summer months, when seasonal employment is available, it is not necessary to provide this type of employment.

There is another thing which has been made perfectly clear from our experience and to which I am sure my hon. friend will agree. If you establish more favourable conditions for employment for a certain type of transient in one province than for another, you at once aggravate the problem in that province. You cannot give preferential treatment to a particular group of unemployed. In other words, you could not readily defend the establishment of works projects which would be confined exclusively to a particular group. That is why in suggesting works projects in other years we have made them as readily available to married heads of families on relief as to the single unemployed.

Mr. GREEN: Is there any reason why the city of Vancouver should be forced to care for these single unemployed transients who are not from Vancouver? As the minister has just said, a large proportion of them are not even from British Columbia. Is there any reason why the citizens of Vancouver should have to pay for these men during the few weeks in the spring after the camps close and in the fall before the forestry camps are open?

Mr. ROGERS: My impression is that the municipalities generally have not been held responsible for the care of these men apart from special projects. Assistance is given by the dominion to the provinces through grants in aid which are supposed to cover relief generally within the province, in no way excluding what may be done for these single unemployed men.

Mr. GREEN: These men cannot be allowed to starve. They go out with tin cans to collect money and many of them have been put in gaol. They have developed quite a technique in collecting money in the city. The result is that the citizens have to pay. Surely the dominion government should be able to make some provision to prevent the placing of this burden upon the citizens of the city. This condition is worse in Vancouver than in any other part of Canada. I believe we have more transients who drift into the city. I urge the minister to endeavour to find a solution for this problem, which arises every year.

Mr. MacINNIS: When I spoke during the debate on the second reading of this bill on Friday last I drew to the attention of the house the situation existing in Vancouver. I pointed out that at the end of March this year there were approximately 6,900 persons on relief, that is, heads of families and single unemployed transients, but not including dependents of heads of families. I pointed out also that that was about one thousand less than at the same time last year. To take effect either on March 15 or April 1 the provincial government is compelling the cities and municipalities of British Columbia to take over the burden of the relief of a considerable number who heretofore have been cared for by the province. I received yesterday from Vancouver a statement of the number of cases and the monthly expenditures in connection with their keep. While at the end of March of this year the number of cases was one thousand less than last year, beginning with the first of April 3,445 new cases have been placed on the relief list in the city of Vancouver. I presume that other cities and municipalities had additions to their lists as well, but I am not conversant with that.

It is quite impossible for the city of Vancouver with falling revenues to take care of the increasing numbers of relief cases. The monthly cost for these 3,445 persons is computed at $34,072; that is for food, clothing and shelter, and does not take into account medical attention and other incidentals. The method that is now being followed in my opinion will never deal with the unemployment situation definitely or satisfactorily. We have to realize that the people can get their sustenance only from the industries of the country. It does not matter how it comes to them; it comes from industry in the last analysis, and this government will have to tell the owners of industry that either they must so operate their industries that they will support the people of this country, or the government will organize industry for that purpose.

Mr. EDWARDS: How can they do it?

Mr. MacINNIS: How otherwise are you going to end unemployment?

Mr. EDWARDS: How are you going to operate industry if you have not any business?

Mr. MacINNIS: If it is not the business of industry to operate their industries to support the people of this country, what is it?

Mr. EDWARDS: To make money.

Mr. MacINNIS: I am glad to get that answer. I have been telling this house for the last eight years that under the capitalist system the function of industry is to make profits for the owners of industry. But to-day industry cannot make profits for its owners and at the same time supply the people with the goods they need. That is the very thing that the government of this country and of every capitalist country has to face. I do not say that it is an easy problem to solve, that it can be taken care of offhand by just making a statement in this house or anywhere else; I am satisfied that it cannot be taken care of until we reorganize industry to perform the functions that industry was intended to perform. In the solution of that problem I am prepared to assist either by saying nothing or by helping in any other way that I can.

Mr. EDWARDS: May I suggest to the hon. gentleman that the best way to do that sort of thing is to put a little money into industry and hire some people, and try it out.

Mr. MacINNIS: This is not the time to go into that point. It does not make any difference how much money you put into

industry unless industry distributes the means of purchasing the goods produced. The difficulty we are met with to-day is that too much of the fruits of industry or of the income created by industry go to people who do not need it and cannot use it, and they cannot put it into new industry. There is any amount of money available in the Dominion of Canada and any amount of money available in the United States to double our industries, but we cannot dispose of the products because the people have not the means to buy them.

The Minister of Labour said a few moments ago that in dealing with the unemployment situation the government had to be careful that they did not give a scale of relief higher than the wages paid in industry, because otherwise there would be a tendency for people to go on relief and keep away from work. Would my hon. friend examine the payrolls of industry and the relief rolls and then express his opinion as to whether or not the people of this country, with the very small wages they are getting, or the very inadequate relief they receive, are able to buy the products of mass production industry? It simply cannot be done.

Mr. COLDWELL: The preamble seems to indicate to me the utter bankruptcy of this parliament in dealing with the problem. It states:

> Whereas it is in the national interest that the dominion should continue for a further period to support and supplement the measures of the provinces and other bodies to establish certain unemployed persons in gainful occupations, to train other unemployed persons for like establishment and to assist those in need.

And so on. The word that I should like to emphasize is the word "continue." For some nine or ten years now we have been dealing with this problem exactly in this way. Month by month of late we have seen the unemployment figures mount, and now we are faced apparently with another period of distress similar to the period through which we thought we had passed. My friend from Vancouver East (Mr. MacInnis) a few moments ago pointed out some very salient facts. I was lately looking at some returns of corporations which have to some degree a monopoly in our country. International Nickel, for example, last year made a net profit of between $52,000,000 and $53,000,000. I saw the balance sheet of Consolidated Smelters of Trail, British Columbia, the other day, which reported a profit last year of some $16,000,000. They placed $3,000,000 in reserve to assist them in the paying of profits this year, and then they declared a dividend of $2.50 on every five dollar share. That may be due to good management, and I think probably it is, but the point I am making is that the people who to a large degree are receiving the dividends from these corporations either cannot or do not spend this money in consumable goods in Canada. We are building up giant financial corporations, giant monopolies, and every year more and more their dip into industry is greater. We all saw a short time ago the representations that were made to the textile commission, wherein it was shown that Dominion Textiles on an original capital of $500,000 paid out in dividends, and so on, during a period of thirty-one years, over $14,000,000, an average return on the original investment of over 96 per cent.

The other evening we heard an excellent address from the Minister of Agriculture (Mr. Gardiner), in which he pointed out the exactions that have been made upon the producers of Canada generally, and of western Canada in particular, by the great agricultural implement industry. What I should like to have asked the minister at that time was this: What does he propose to do about it? How does he propose to meet the situation? What are his concrete proposals? For years we have heard criticisms respecting the accumulation of wealth, the growth of monopolies and the exactions made by them. To the present time this parliament has done nothing about it.

As I said last week, there is a growing feeling of discontent throughout the country. People are moving from place to place in a vain endeavour to find work. This afternoon just before I took my seat in the chamber—indeed, after I had taken my seat—I was called out by a young man who had come down from my constituency looking for something to do in Ontario. There is nothing to do in western Canada for young men of that type. All I could tell him was that unemployment is increasing, and that every week-end in Montreal business men were talking about the lay-offs which are being made. The same condition exists in Toronto.

Here we are in the year 1938, attending the third session of this parliament, in fact getting on towards the end of the session, and all we have before us is a bill saying that we must continue to assist the provinces in providing relief and in endeavouring to train our youth. Yet everywhere we have trained men and partly trained men seeking jobs. As a former teacher of youth may I say that in my opinion probably the greatest tragedy we are witnessing in Canada is the frustration of these hundreds of thousands

of young people all across Canada. In order to better their condition they are ready to turn to almost anything. Unless we wake up and do something we are going to be faced with a very serious situation.

These things have been said before. Before rising to speak I said to one of my colleagues that all this discussion seems so futile. I feel the futility of it all, because until we are prepared really to examine the fundamental basis of our economic and social structure and grapple with the problems which have arisen in that social and economic structure, we are not going to find the solution to the problem.

Two or three years ago I read the report of the Hoover committee in the United States, a very conservative committee set up by President Hoover in 1932, and reporting in 1934. While I speak entirely from memory I recall that that very conservative committee reported that if the industrial equipment of the United States, the labour then available, and the natural resources, were properly organized and utilized for the good of the American people, they could provide goods and services which would give to every family of five persons an average standard of living such as was then enjoyed by those who received incomes of over $4,000 per year.

That was a startling statement. We too have the resources; we have the equipment; we have the labour. Yet, under our present economic structure, leaving it to competitive industry—which, as the Minister of Agriculture showed, does not exist any more because another factor has entered into the economic structure which has set aside the old law of supply and demand—there is no cure. Perhaps if we could go back to that old law we might get a new start; but we cannot go back Society never does.

My purpose in rising is to emphasize the fact that fundamental changes must come, a fact with which I believe the minister must be familiar. I urge upon the minister and government to consider these matters in the light of new conditions which have arisen in the last twenty-five years, and to bring before us proposals not for the continuance of relief but for the elimination of unemployment and of the necessity of continuing to provide relief for persons who are able-bodied and ready and willing to work on the land, in the forests, in the mines, or in industry and elsewhere.

Mr. DEACHMAN: The hon. member for Rosetown-Biggar (Mr. Coldwell) is an exceedingly able speaker. The house listens to him with rapt attention and then—I believe I am safe in following him and saying what he said—it agrees to do precisely nothing.

[Mr. Coldwell.]

For a moment or two I should like to go back to 1930, and attempt to analyse the differences existing between 1930 and 1937. These, in my view, are the main causes of the unemployment we have to-day. In 1930 we had a one per cent sales tax, while in 1937 we had an eight per cent sales tax. In 1930 we had no excise tax, now we have a three per cent excise tax, in reality a tariff of that amount, upon all goods coming from foreign countries. In addition to that we have a tariff which has reached heights never before approached in Canadian history. It is so high that I feel quite certain neither the Minister of Finance (Mr. Dunning) nor the Minister of Labour (Mr. Rogers) could by any possibility look over the top of it.

We now have a tariff framed upon a new basis. Our customs tariff, which records the rates for the Dominion of Canada, is now distributed with blank pages interspersed here and there throughout the book. The object of the blank pages is to provide a place on which one may write the real tariff, because the tariff schedule as it stands does not reveal the true situation. One must get the true rate from the customs branch by a special statement. Even then I venture to assert that if to-day I were to ask the Minister of National Revenue (Mr. Ilsley) the tariff on certain items of cotton goods from the United States he would have to tell me, "Well, it is recorded in the book." But one must then add three per cent to the tariff, and a further eight per cent sales tax, and then if one wishes to follow it through to the last he would be told that in addition section 36 of the Customs Act has to be considered, through which special values are imposed upon products coming from the United States. To a certain extent that value depends upon the humour of the man who makes the valuation or, to go back to an old phrase, the rate of customs duty depends upon the length of the chancellor's boot.

I venture to suggest to the Minister of Labour, the Minister of Finance and the Prime Minister that if we were to return to the tariff and taxation levels of 1930 our unemployment problem would be solved. We are diverting a large amount of the earnings of our people from the purchase of consumers' goods to expenditures upon relief, railways and other things, and there is not left a sufficient sum to provide a normal purchasing power for the people of Canada.

When we consider these problems what do we do? The suggestions are many and varied. One man says we ought to provide unemployment insurance. Not long ago in the house I explained that after careful calculation I

had found the earnings of the farmer amounted to $362 per year while the earnings of the labourer in industry amount to well over $900 per year. And so if we provided unemployment insurance we would be setting up further taxation upon people receiving less than $400 in order to provide insurance for those receiving more than $900. You are proposing to expend money upon public works, but I ask, when you have expended money upon public works, unless they render a direct serviceable value, unless they have an exchange value to the community, unless they assist in the movement of commodities or in some way in improving the efficiency of our services in the Dominion of Canada, what have you? You have men temporarily employed in a particular business and as soon as that is over they have no employment. But if on the other hand we made some effort to reduce taxation so that we could free some of this money which is now spent upon taxation, I venture to assert that your unemployment would dissolve like the early cloud in the morning dew.

But, as the previous speaker has said, we hear all these things but parliament never comes to grips with them. No one will answer the statement that I have made now. No one will meet me and try to disperse—if I may use that term—or deny or meet the arguments that I have made. I do not agree with my hon. friend the previous speaker; I do not accept his conception that we can abolish unemployment by nationalizing industry or anything of that kind; but I should like to see his arguments met and I should like to see parliament actually consider this problem instead of going on as we are doing day after day—discussing, listening, many of us, perhaps all of us, in earnest, but very few, I am sorry to say, perhaps none of us knowing where to go.

I turned over to-day by chance the last page of The Count of Monte Cristo. It is, I think, the strongest closing of any novel I have ever read: The Count sends his message and he says, "The greatest of all human wisdom is to wait and hope." Well, it may be something by way of a philosophy to go through life with charming ease and patience and say, "We shall wait and hope. We shall not do anything to solve the problems. We shall simply wait and hope." But I want something just a little different. I want something done to-day. I want some consideration of these problems in order that something may be accomplished in our own time. This is what I ask the house. This is what I know the country asks of us.

Mr. PELLETIER: As I rose to speak a moment ago I intended to say that the remarks I was about to make were to supplement the observations of the hon. member for Rosetown-Biggar (Mr. Coldwell), but having listened to what has just been said by the hon. member for Huron North (Mr. Deachman) I believe I should add something to supplement the remarks made by both hon. members.

Yesterday was May 1, and upon that occasion throughout the world many workers united in order to discuss their various problems. But what appeared to me most striking was the news which came from Germany of a speech made by Hitler on the occasion of his addressing hundreds of thousands of persons. This is what he said, in effect. "The so-called democracies of the world have been laughing at fascism for the past five years. They have thought that what we were trying to do was a ridiculous thing. Well, I say to them that there are no idle hands in Germany; there are not sufficient hands to do the work that we wish to have done. Meanwhile, although the so-called democracies have yet to solve their problem of unemployment, they presume to laugh at us." I say, because I believe it is a timely matter to mention, that in various parts of Canada we are seeing the rise of fascism. Why? Simply because of inaction. It is because these democratic institutions that we should like to preserve are represented by people who are either unable or unwilling to grapple with the problems we have to face. It is unquestionably true that in the so-called democracies of the world—and I speak particularly of Canada, the country I know best—the problem of unemployment has not been solved, nor has any attempt yet been made at a solution. As the hon. member for Rosetown-Biggar has stated, the preamble to this bill is ample evidence that the present situation will be permitted to continue.

We set up an employment commission, and amongst the recommendations that that commission submitted I find these words:

> Unquestionably—

"Unquestionably" is quite plain.

> —however, the immediate effects of the introduction of labour-saving devices in particular geographical areas or in particular industries are often such as to deprive special groups of workers of their livelihood through no fault whatsoever of their own.

I believe that the employment commission has there given us a ray of light, at least some hope as to where we may look for the solution of the problem which faces us to-day. Many hon. members laugh at some of the

arguments advanced by our group. We have favoured the payment of a basic dividend in order to remedy the displacement caused by technical and mechanical developments. I do not care how ridiculous the people who laugh at this theory may think it is; at least it is a concrete suggestion made in an earnest endeavour to meet the problem, and not the type of "policy" which says, do nothing at all.

I rise to-day not to defend fascism but, because I believe in democracy and would like to retain democratic institutions, simply to point out that if fascism has been able to gain the hold it now has in Germany and elsewhere it is because democratic governments were content to let things slide and to do nothing. So in Germany to-day, when the youth of that country have bread instead of the announcement of some individual that he is "watching the situation," they can at least claim that they have got somewhere.

Mr. DUNNING: Would my hon. friend say that the youth of Germany are getting better bread to-day than Canadians on relief? Let us in this discussion stick to some facts.

Mr. BENNETT: They are getting as good bread—rye bread.

Mr. PELLETIER: I am not discussing the quality of the bread. I said that in the speech made by Hitler in Germany yesterday he maintained that there is no unemployment in that country.

Mr. GARDINER: How many are in the army?

Mr. DUNNING: Can the hon. member tell us how many are in the army?

Mr. McLEAN (Melfort): There was no unemployment, either, among the slaves in the south.

Mr. PELLETIER: Hitler maintained that there were not sufficient hands to do the work which had to be done. The fact is that the situation in this country has come about because of the inactivity of so-called democratic institutions. I have no desire to see such a form of government in Canada. I should like to see this government do something; even if it is a Liberal government I would support it if it would do something concrete to alter the present state of affairs, to give the people of this country bread, not merely to tell them that the situation is being watched. I might bring a specific case to the notice of hon. members, but I do not see the use of doing it; however, I definitely know that the Minister of Labour has been compelled to contribute out of his own pocket for the subsistence of a family who cannot qualify under any governmental scheme. Of course we were told that nobody was responsible; we agreed that it was a sad case but what could we do about it, there were no laws to take care of it, so we had to dig down in our own pockets and provide for the maintenance of that family. That is not meeting the problem; it is letting things drift, it is shifting responsibility from one place to the other. Unless we face our responsibilities the prospects of the fascist movement in this country are greater than perhaps we are willing to recognize at the present time.

Mr. BARBER: I think it is quite apparent to all that the government has failed to meet Canada's greatest problem, that of unemployment and relief. The bill before us is merely to provide that some relief will be given for a certain period. This is now the third session of the present parliament, and the figures which have already been furnished this afternoon demonstrate that not much improvement has been made. Under this bill, I believe, provision will be made for some undertakings in the form of public works about which we shall learn later when the supplementary estimates are brought down. I suggest that instead of constructing public buildings a considerable sum might be devoted to the construction of homes. I have just returned from British Columbia and during the Easter recess I came in contact with representatives of municipalities and of some of the cities of the coast. I find that under the Dominion Housing Act no further action is being taken. On the lower mainland of British Columbia they are at present prepared to construct something like 1,000 homes, in my particular district over 100. They were given some encouragement at first but now they find that they cannot make any arrangement whatever with the loan companies or with those with whom the government cooperates. Whether that is the fault of the government or of the loan companies we do not know. I promised to bring the matter to the attention of the minister and through him to the attention of the Minister of Finance and to point out that this is the state of affairs that exists in connection with the housing scheme under that act.

Mr. ROGERS: Is that on the mainland of British Columbia?

Mr. BARBER: Yes. I suggest to the Minister of Finance that it may be the fault of the loan companies. At the beginning when this scheme was being put into force in

the early days of the administration of the housing act, the loan companies gave some excuse for declining to take any part in the scheme or to advance money. The Minister of Labour might make provision under the bill, in cooperation with the Minister of Finance, whereby, should these companies continue to act as they are doing at the present time, some arrangement could be arrived at with the municipalities and the smaller cities to carry on this scheme. It is true, some of the municipalities in our province are not in a very good financial position, while others are in excellent shape. Some have no debt whatever. The municipalities and some of the smaller cities have conducted their affairs along business lines, having balanced their budgets for years, and are therefore meeting the emergencies that confront them in these days. I would suggest to the minister that he and the Minister of Finance might consider something in the way of advancing moneys through the councils of the municipalities and the smaller cities to citizens who wish to build homes. The municipality would be, in my opinion, the proper body because they could collect it when they are collecting the taxes, and remission could be made direct to the department.

I note that there will be continued cooperation with the provinces in certain undertakings. I do not know whether all the provinces carry out these works along the same line as they do in British Columbia, but I had what I regard as a sad experience in the last couple of weeks. I refer to the practice termed patronage, and I believe it was the rankest example I have seen during the twenty-five years I have been in public life. In the Fraser valley district there is a provincial riding in which there will be a by-election very soon. I drove through that riding and talked to a large number of unemployed on relief and to others who were on the brink of relief. I found that some of the straw bosses had called a day or two before and asked them if they would like to get some work, and they replied that they certainly would. They were told, "Well, if you will sign up as a member of the Liberal Association we will see that you go to work on the twenty-fifth—" that is, last Monday. Two men on whom we called told us that they had come from Saskatchewan. They had been living there some time and were not on relief; they were doing their best to keep off relief. They declared to the straw boss: "We will join anything to get a job; that is the condition we are in." And they joined up. The man pulled a paper out of his pocket and they signed up, and they were to get a job commencing on the twenty-fifth, which will last until election day.

Mr. ROGERS: They were not dominion-provincial projects.

Mr. BARBER: It was road work. I found in travelling through the district that these men would not even dare to attend a meeting in opposition to the government. I was informed that a man is posted outside, their names are taken, and they are blacklisted as far as employment is concerned if they attend such meetings. More than that, there is almost intimidation being practised, for the men seeking employment were told, "We know how you will vote because the ballots are numbered." I explained that though the ballots and the counterfoils were numbered no one would know how they voted, but they were convinced that they had to go to the polls and vote Liberal. Men were being taken out in trucks. On Monday morning, the twenty-fifth, one of the straw bosses left in a truck with thirty men to work on a road. He is going to see that they vote, and vote right.

There was another matter I discussed with the minister before recess, and that was in regard to settlers from the dried-out area settling in municipalities. That has continued and no relief has been given. The municipalities carry these families until they have resided the required period, when the provincial government will contribute. I believe the minister said this afternoon that farm relief in the drought areas came under the federal Department of Agriculture. That means that a direct contribution is being made through that department. What I have suggested, and what the reeves' association of the lower mainland suggest, is that that relief should follow these people until they have put in the period of ten or twelve months, or whatever is required by the provincial authorities before they contribute. As it is, they are the sole charge of the communities in which they settle. I believe that ninety per cent of them would make good citizens if they were given a chance. But some of the municipalities have been compelled to buy transportation for them and ship them back to the dried-out areas, and therefore they go back on government relief; whereas if the relief followed, with the cooperation of citizens and different organizations, these people would become settled and would make good citizens.

These are a few of the suggestions I have had to offer and I can assure the minister

that he will have my cooperation in any effort he makes to relieve the situation that exists in British Columbia. We would like the minister to make some statement in regard to a general solution of the whole problem; that is whether the government intends to meet this problem in some heroic manner this year, or, as one hon. member expressed it this afternoon, follow a "wait and hope" policy.

Mr. McLEAN (Melfort): I am quite sure that this committee and the whole country will agree with me when I say that there is no one solution which can be applied by this or any government for the difficulties facing so many people in Canada at the present time.

Mr. BENNETT: There was in 1930-35.

Mr. McLEAN (Melfort): There was no solution but a panacea was adopted which made the situation very much worse than before.

Mr. BENNETT: And that is being followed to-day.

Mr. McLEAN (Melfort): Oh, no; it is not. I will give the best evidence that it is not being followed to anything like the same extent: the tremendous improvement which has ensued in the last three years by departing from the panacea that was adopted and is still advocated by some, and allowing the people of this country a greater degree of freedom, even though the sales tax was increased, to increase production. The situation has been improved to an extent that my friends opposite and those in the corner are not always willing to admit. It is true that it is not as good as we should like it to be, nevertheless it is substantially improved. As to the crazy measures that my right hon. friend introduced, whereby he was determined to limit the production of wealth—why, he even sent his emissaries to London deliberately to agree to limit by law the production of wealth in this country, something which when it results from acts of Providence is a cause of mourning and distress. And he supported others who would limit the production of food so there would be less available for consumption. Surely no one can object to the use of the word "crazy" to characterize a policy such as that.

Mr. BENNETT: There were only fifty-five countries concerned; they were all crazy!

Mr. McLEAN (Melfort): Fifty-five or a hundred, none carried it out.

Mr. BENNETT: They all did.

[Mr. Barber.]

Mr. McLEAN (Melfort): And still it was crazy.

Mr. BENNETT: They were all out of step except my Jock!

Mr. McLEAN (Melfort): More than Jock were not in step. The wise countries of the world did not do it.

Mr. BENNETT: They all did. Name one that did not.

Mr. McLEAN (Melfort): The great country to the south agreed to do it, but Providence came along on the day the final decree was signed in Washington—

Mr. BENNETT: Nevertheless they did it.

Mr. McLEAN (Melfort): In this country I was going to say my right hon. friend did not have the courage to enforce this law, but rather he had the better judgment on second thought not to try to do so. But Providence did it for him, and that is one of the main causes of the trouble which we are facing to-day. What did the other countries do? Russia paid no attention to it; Australia walked right through it; Argentina laughed at it, and Canada was left holding the bag, the surplus wheat that was needed in the world and that she would not dispose of. That policy brought about some of the conditions from which we are now suffering.

Mr. BENNETT: "Surplus" the hon. member said.

Mr. McLEAN (Melfort): Yes, surplus as far as Canada was concerned, because the Canadian people could not eat it. My friends in the corner say we have in Canada so much; why cannot our people get it? But there never was any hunger for wheat in this country.

Some hon. MEMBERS: Oh, oh.

Mr. McLEAN (Melfort): There was always all the wheat our people could consume for food, but by law those who owned it were prevented from exchanging it for other things.

Mr. DOUGLAS (Weyburn): Does the hon. member say that all the people in this country who wanted flour could get it?

Mr. McLEAN (Melfort): Anyone who wanted to buy wheat—

Mr. DOUGLAS (Weyburn): Oh, who wanted to buy it.

Mr. McLEAN (Melfort): Well, what did my hon. friend expect? My hon. friend not long ago was pleading the cause of the big farmers who had a thousand acres and were limited to seed for 250 acres; of course they could not give it away.

Mr. DOUGLAS (Weyburn): I asked the hon. member a question and he avoids it very adroitly. He said there was no lack of wheat. I asked the hon. member if there were any people in Canada who wanted flour and could not get it.

Mr. McLEAN (Melfort): I say this, and I think it will be clear even to the hon. member for Weyburn, that the lowest income people of this country during the past eight years, whether through their own earnings or through the relief given by public authorities, had no difficulty in buying all the wheat and all the flour they could use, because that was the cheapest form of sustenance possible, and among the best they could get. The difficulty was not that they were unable to buy wheat and flour, but that they were unable to buy the other things which other people had been producing, because they could not sell their wheat in the markets of the world. Wheat was selling at one-third of a cent a pound; it was not difficult for even the poorest people of the country to get sufficient wheat. I admit that wheat has not been used to anything like the extent that it would have been wise to use it; there has been considerable change in the use of foodstuffs in recent years, and wheat has been largely neglected. But I have got off the track in talking about wheat.

It is necessary under the circumstances to introduce legislation such as this, in spite of the fact that no single cure can remove all the troubles from which Canada is suffering at the moment, and that there is no panacea. My friends the socialists had a panacea three or four years ago. They were going to dominate and control the instrumentalities of production and distribution and all natural resources; they were going to control land and produce crops, control the forests and produce lumber, and distribute the crops and the lumber and the minerals. I should like to know if they would distribute some of the nickel they talked about so much to the people of this country. How much good would the nickel do them?

Mr. COLDWELL: They could use the profits.

Mr. McLEAN (Melfort): But the nickel would have been disposed of elsewhere in the world, and the goods that came in would belong to the people who developed the nickel properties and paid the cost of producing them, who owned the properties and paid the wage earners and all that. My hon. friend's philosophy is to take over all the successful industries—

Mr. COLDWELL: Why take over the unsuccessful ones now?

Mr. McLEAN (Melfort): —which are being run more efficiently than any government could run them. But my hon. friend was not going to run them himself even, he was going to bring in experts from England.

Mr. COLDWELL: Permit me to correct that statement. It is not true.

Mr. McLEAN (Melfort): I accept my hon. friend's word, but in his written and public speeches he advocated bringing someone like G. D. H. Cole. Can you imagine bringing a theorist, or some university professor—

Mr. COLDWELL: I rise to a point of order. I said I did not advocate that, and my hon. friend persists in saying I did. I ask him to accept my statement.

Mr. McLEAN (Melfort): I readily accept the hon. member's statement, but I say that in literature appearing over his name and in speeches attributed to him in the public press he was credited with that design, so if any injustice is being done to him I am not the guilty party.

Mr. COLDWELL: Again I rise to a point of order. I said nothing of the kind. I said that men with economic knowledge of the type of G. D. H. Cole were readily available to advise any government—not necessarily men from England, but in Canada as a matter of fact.

Mr. McLEAN (Melfort): I think the explanation is of the kind that makes confusion worse confounded. However I am satisfied with it. Unquestionably the promise made by the hon. member's party at that time was that experts of that type would be brought in. Fortunately the electors had the good judgment not to give him the opportunity.

Mr. DOUGLAS (Weyburn): Was not my hon. friend's party going to give us the panacea of free trade?

Mr. McLEAN (Melfort): If the hon. member for Weyburn, who occupies so much time airing his knowledge, will allow me to proceed, I have told him already that there is no panacea for this trouble by which we are faced. Seeing that he does not understand it, and I think he should, I shall tell him again. He comes from a part of the country where there has been an object lesson always in front of him every day of the time he is there, provided he has not been there more than eight years. He must have seen the lack of results that have been achieved in trying to produce new wealth. If he does not

recognize this as one of the major difficulties facing our country at the present time, then he is indeed more foolish than I ever gave him credit for.

There is another matter I should like to draw to the attention of the Minister of Labour. He knows it well enough himself, but because of the circumstances under which he finds himself it is necessary that it be brought to his attention time after time in order to overcome the panaceas and solutions which so many would-be saviours of the country and of democracy are ready to make, in spite of the fact that they should know if they pursue their studies far enough their solution will make things worse than they were before.

Mr. PELLETIER: May I ask a question?

Mr. McLEAN (Melfort): I shall come to the hon. member for Peace River in just a moment. He should not be in too big a hurry. We have in Canada vast natural resources which have been properly and efficiently developed to a great extent.

Mr. MacINNIS: Whom does the hon. member mean by "we"?

Mr. McLEAN (Melfort): I mean you, myself and the other fellow.

Mr. MacINNIS: There are not many of them over here.

Mr. McLEAN (Melfort): That is because you have neglected to do what so many of us have done, what the Minister of Finance and the Minister of Agriculture and many hon. members who sit around me have done. All you had to do was to go to a land office and plank down ten dollars to obtain the right to move on to a quarter section of the resources of this country. Any man who did that and made a good job of it owns some of the resources.

Mr. DOUGLAS (Weyburn): He might get a job as road inspector.

Mr. McLEAN (Melfort): The hon. member for Weyburn talks about getting a job as road inspector, but I say to him that the shoemaker should stick to his last. The preacher should stick to his congregation if it is worth sticking to. Apparently my hon. friend has lost faith in his occupation and seeks to get into a higher and better class. No government of this country has placed obstacles in the path of anyone who wanted to get hold of some of the resources of this country. Neither the government of my right hon. friend nor any other government has placed obstacles in the way of getting some of these resources. By the adoption of unwise policies, by the building up of artificial communities, by the creating of artificial industries many people have been induced to move into the cities and to leave alone the resources of the country. The only way wealth can be created is from natural resources; that is where the production of wealth must start. A short time ago my hon. friend referred to something that Mr. Hoover said, to the effect that if people were more efficient, if they made better use of the country, they would be able to produce more wealth. However, they might do what Mr. Hoover and his successors have done, prevent that wealth from getting into circulation.

I want to say a word or two about the pessimism exhibited by the hon. member for Rosetown-Biggar. He and his party contended that there would be no hope unless the people of Canada put themselves into the hands of himself and his friends. There would be government or public ownership of our natural resources. The hon. member referred to one or two corporations and the profits they had made. I think everyone will agree that those profits did not come from the workers in those industries, because they are the most highly paid in the dominion. I think it will be agreed that they were not due to the conditions under which these men work, because they are about the best in any industry. If the profits came from anywhere, they came from the prices obtained for the products produced. However, the government has a remedy against that condition by way of taxation. In that way this wealth is being redistributed to some extent.

One of these companies is spending millions of dollars in northern Canada, much of it in Saskatchewan, in developing new mining prospects and setting up mining plants. I do not know where the company could have got the money to do this work except out of the profits that had been accumulated at other times. This is just an example of what must be done to solve this problem. There is no panacea for our troubles.

I come now to the hon. member for Peace River (Mr. Pelletier) who was in such a hurry a little while ago. So far as I know, for the first time he and his party have come out in their true light by holding up Mr. Hitler and fascism as an achievement for our edification. A large number of people in Germany are under military rule, and if my hon. friend and his party once have power and carry out a similar rule in this country, they will have to import men to fill the vacancies created in industry by taking men out in order to build up an army.

Mr. PELLETIER: That statement is incorrect and I ask the hon. member to accept my version of what I said. I said that if this policy of laissez-faire were continued, fascism would develop in the country. I did not advocate fascism.

Mr. McLEAN (Melfort): I still contend that the hon. member held up Hitler and fascism to our admiration. He told us that there were no unemployed in Germany.

Mr. PELLETIER: It was as a warning.

Mr. McLEAN (Melfort): There would be no unemployed in Canada if we adopted the same system.

Mr. BENNETT: Mr. Eden said the same thing in England the other evening.

Mr. McLEAN (Melfort): I have no objection to Mr. Eden or anyone else saying it. That does not prevent my using my own common sense in connection with unemployment in this country. Many of the people in Europe did not understand freedom and democracy. They were not ready to accept the benefits of democracy when the opportunity was offered after the war. They did not understand these institutions as we do.

Mr. POOLE: What would we do with our unemployed?

Mr. McLEAN (Melfort): Not so long ago there were no unemployed in this country and that time will come again when the resources of this country are developed as they should be.

Mr. POOLE: What freedom is there for the unemployed?

Mr. McLEAN (Melfort): If my hon. friend asked that question of his friend Hitler he would soon be taken out and disposed of in some way. Instead of encouraging the production of the wealth which is so necessary to our country, instead of bringing about the development of our natural resources, our hon. friends offer some mythical scheme by which real wealth can be taken out of the pockets of the people and distributed to other people without its costing anybody anything. They offer a magic formula by which everyone will have wealth without doing any work for it.

An hon. MEMBER: Ask the Minister of National Defence.

Mr. McLEAN (Melfort): The Minister of National Defence knows that if he is going to get appropriations for his department for defence purposes, he is not going to get it simply out of a drop of ink. My hon. friends over there are rather smart, but they do not like questions to be asked of them. They want to spend their time reading quotations from books they do not understand or have not thought their way through. They have not yet come to the conclusion which is held by reasonable and intelligent people that two and two always make four. They have always some magic formula to make two and two eight, or sometimes three. If they would devote a little more time to thinking and a little less to reading quotations they would get along better.

It is not within the responsibility of the Minister of Labour to make easier for us at the moment the means of exchange of wealth or the bringing into this country of goods to pay for goods that go out, and so on this bill I am not going to advise the minister as to that. I do not think it would be in order in any event. I should like to back up the plea of the hon. member for Huron North (Mr. Deachman) that as quickly as possible reductions should be made in taxation for the purpose of leaving that wealth with people who can make better use of it than any government can do. Let it stay in the hands of private individuals who will use it for productive purposes, rather than have it collected and spent by the government.

I should like to say to the minister, and I am sure he will agree with me, that in the disbursement of money in accordance with the terms of this measure every effort should be made to see that the money is spent for the most useful public works—works that will be of value and available for the enjoyment and profit and pleasure of all people. I do not think that buildings in large cities fall within that category. I do not think housing schemes carried out by the government fall within that category. The government cannot build houses for all the people; they must select the recipients of the houses they build. It is all right for the government to help housing schemes under strict regulations so that anyone who comes within the regulations and meets with the requirements can get the benefits of the scheme, but to say that the government should step in and provide houses for all the people of Canada, well, that is not the spirit that built up Canada or will continue to build it up from now on.

There are works that can be done to advantage at the present time. Labour is plentiful, and there is no great demand for excessive wages for the necessary labour to take care of these improvements that would benefit all the people. Equipment is reasonably plentiful. It has not been in use for a long time, and not much equipment would be needed. The original Hudson Bay railway was largely built by men with wheelbarrows and shovels.

That was all the equipment they needed. Furthermore, I believe it was built at about as low a cost as it could be done to-day with much more modern machinery. The difference in cost between doing work by that method, which looks antiquated, and by the most modern machinery, is not so great as might appear on the surface. In any case the money spent in that way went directly into the pockets of labour, which was better than having the work done by machinery and using machinery supplies, the benefit of which would go elsewhere. I am not one of those who believe that machinery does away with the opportunities for labour, but it does dislocate the demand for labour and causes additional work to be provided in some other part of the country rather than in the part where the machine is actually working.

So Mr. Chairman, I believe that on highway construction and road construction through new territory, in our mining country, and in the building of parks around our cities and towns, and in other works of the kind, much help may be given. Those not on relief should not be prevented from getting work of this kind. Many who are not on relief have kept off the relief lists simply by their own efforts and determination, and encouragement should be given to them to stay off by providing them with some of this work at wages comparable to those paid in similar industries in the district in which the work is being done. That wage policy would also help to ensure that those who have jobs shall not quit them to get government work.

It might possibly help the minister if I gave him more advice, but I am reminded of the wise man who prayed something like this: Oh Lord, save me from my friends; I can look after my enemies myself.

Mr. PELLETIER: As the hon. gentleman has stated or implied that I have tied up this party with fascism I should like to point out that the illustration I used to-day was in the form of a warning—and not at all an endorsation of Hitler of Germany—that if something is not done to save democracy in Canada, it is in danger.

My hon. friend stated that wheelbarrows and shovels were used to provide more employment on the Hudson Bay railway. I might ask him, why not use smaller and smaller shovels and wheelbarrows to give more and more employment?

Mr. McLEAN (Melfort): No; they used wheelbarrows and shovels, not to give more employment, but to get the work done more efficiently.

[Mr. M. McLean.]

Mr. BENNETT: Because the ground was frozen—that is the reason.

Mr. REID: I think some of the remarks of the hon. member for Fraser Valley (Mr. Barber) are worthy of the attention of the Minister of Labour (Mr. Rogers) and of the government. I was very glad that he mentioned the housing program in British Columbia, particularly in the Fraser Valley. I too was home during the Easter recess and I heard a good deal about how this program is being carried out. It brought home to me the truth of the statement which is often made that the east does not understand the west and that the east is somewhat discriminatory when it comes to the matter of loans, especially in British Columbia. I found that orders had been issued by some of the loan companies to their agents in the city of New Westminster and the Fraser valley not to grant loans in certain towns and in certain parts of New Westminster. For instance, in that city there are two districts, the east and the west. The west is fairly well built up with sidewalks and schools, and the loan companies, instead of doing everything possible to assist in carrying out the guarantee of the government, that is providing 70 to 80 per cent of the loans, have of their own volition been discriminating against applicants in certain cities that have not been able to procure a loan. They have sent investigators out and picked out certain cities in a rather crude manner. I think that should be drawn to the attention of the government, and I would ask the Minister of Labour to join with the Minister of Finance (Mr. Dunning) in order to induce the loan companies to do everything possible to encourage loans for houses in New Westminster and the Fraser Valley.

As was pointed out by the hon. member for Fraser Valley, there are districts which are house poor; that is, where houses are really scarce, and the Dominion Housing Act would be one of the finest things for putting men to work and providing industry with some business if only the loan companies could be jacked up and made to loan more freely in British Columbia. It might interest the committee to know that in the matter of mortgage loans British Columbia is one of the best provinces in the whole dominion. Speak to almost any bank manager and he will tell you that there are very few delinquent mortgages in British Columbia as compared with other provinces. Therefore, there is no reason at all why the loan companies should discriminate against our province, and I would join with the hon. member for Fraser

Valley in urging the minister and the government to see if something could not be done to change the viewpoint of these companies.

He mentioned one other matter, and that is what is taking place in the Fraser Valley on the eve of a provincial by-election. It was rather a surprising story, and I do not think any member would condone any such action by any government official as to inform those seeking work that they must obtain a ticket from the party before they would be allowed the opportunity to give of their labour. That, however, is a provincial matter. I could not help wondering, while that story was being told to the committee, of the difference when I was on the other side of the house and we were dealing with the camps which were under both the provincial and the dominion governments, when I rose in my place and offered to lay my seat at stake if the statements I made regarding graft and corruption were not true. And while the leader of the opposition joined—at least nodded acquiescence—in the remarks of the hon. member for Fraser Valley, I just thought there were times in this house when even he was not so concerned over the expenditures; because when an investigation took place during those days and an investigator went through the camps, the information I have is that the leader of the opposition was sent a copy of the padded payroll and refused to take any action.

Mr. BENNETT: The hon. gentleman is in error; what does he say?

Mr. REID: I said the information I had was that when an investigation took place—

Mr. BENNETT: What investigation?

Mr. REID: —under the late Tolmie administration—that a copy of one of the padded payrolls of the camp was sent to the right hon. gentleman, and that no action was taken by him.

Mr. BENNETT: I can only say for the hon. member, and he knows this to be so—

Mr. REID: I do not know it to be so.

Mr. BENNETT: —that with respect to any complaint which was made as to wrong expenditures of public money I directed the auditor general at once to deal with it; that action was taken by the auditor general to deal with it, and that recoveries have been made during all that period. And this report we now have indicates recoveries are continuing to be made of wrong expenditures.

Mr. REID: It was a padded payroll, and the man who made the charge about it was brought to Ottawa and then fired.

Mr. BENNETT: I have no knowledge of a particular padded payroll, a specific one; but I do have knowledge of the fact that complaints were made, and I have knowledge of the fact that we passed an order in council and directed the auditor general to deal with it; further, that moneys were recovered back, and that those who were guilty of either padding the payroll or doing anything else with respect to the public purse were at once put out of employment. And the minister's report, which I have in my hand, indicates that they are still recovering moneys

Mr. REID: There was something like $72,000 which could not be accounted for.

Mr. BENNETT: If that is so, why does the hon. member not do something about it?

Mr. REID: I have been endeavouring to do something about it. I have endeavoured to bring pressure to have it collected. The right hon. gentleman was not very much concerned in those days, as he seemingly is now—

Mr. BENNETT: I hurl that back at the hon. member. No man has ever held public office who has been more concerned about every dollar of public money than I have. What is more, we took the proper steps to see that action was taken; if the hon. member were just as zealous in looking after expenditures in his constituency, it would be a great deal better for the public interest, and there would be less patronage in connection with what I was speaking about. I have not spoken on the matter before the committee this afternoon. When the hon. member for Fraser Valley was speaking, I said "Hear, hear"; for I was thinking of a question which is nearer this city of Ottawa that I am going to bring to the attention of the house in connection with patronage and the expenditure of public money.

Mr. REID: I will do what the leader of the opposition has done. I will hurl it back at him when he says that if I were as zealous about the expenditures of money in my constituency things would be different; for I certainly am. I will go back and hunt up that padded payroll, because, while he was Prime Minister, I carried a copy of it; I will go back and hunt it up.

Mr. BENNETT: I shall be very glad to see it.

Mr. REID: So far as the expenditures in my constituency are concerned, I am not ashamed of any of them. I have been successful in keeping patronage out of the road work, and all other work, so far as my

ability goes. I am against a system of a man having to pay a tax or having a party ticket before he can earn the right to work. Any time it is brought to my attention I shall certainly take steps to see that it does not happen in the riding of New Westminster.

Section agreed to.

Section 2 agreed to.

On section 3—Undertaking of measures.

Mr. PELLETIER: This section deals with the power to appropriate moneys for the purposes of the act. There is one subject I should like to bring to the attention of the Minister of Labour, and it is this: When a similar measure was up for discussion last year, I remember speaking to the minister with respect to the Monkman pass project, a project which concerns approximately 70,000 people located in the Peace River country. As we find out we can get no assistance from any government whatsoever, I should like to tell the minister what has been done in that particular instance. I should like, too, to answer the hon. member for Melfort (Mr. McLean) who maintains that if people want to go out and work, they can easily find it. May I point out that this is one occasion where people have already tried to help themselves.

It is a known fact that there is no outlet to the Pacific coast from the Peace River district. For many years we have sought an outlet by railway. We have come to realize slowly, but nevertheless reluctantly, that at the present time such an outlet is not to be expected. The people of that country realize that if they cannot get a rail outlet, they should at least have proper motor transportation facilities towards the Pacific coast. When we found out we could get no assistance whatsoever from any government, regardless of promises in the past, the people of that country got tired and fed up waiting for the fulfilment of promises, and they themselves proceeded to cut through the wilderness and the virgin land of that country a highway which would meet the existing highway system, commencing at Hansard, in British Columbia. So it was that last year hundreds of individuals throughout the Peace River country, of their own accord and by public subscription, cut through fifty-five miles of bush, as a first step towards fulfilling the demand for an outlet from the Peace River country.

I mentioned the circumstances to the minister last year, and I felt this year that under the same measure some financial assistance might be given to help the project along.

He knows as well as I do that the Peace River country is undoubtedly the last great empire in western Canada. Such things as crop failures are unknown in that country, and the only difficulties we encounter are from frost, which lowers the grade of our product. We have never yet had to ask for the expenditure of money because of drought or anything of that kind. I am thankful that it should be so. A population of 65,000 or 70,000 people is certainly entitled to some consideration. The minister knows there is no outlet from the Peace River district to the Pacific coast, and I suggest that moneys spent in carrying out the project to provide a route to the Pacific would help unemployment and agricultural distress.

I understand that at the present time the government is supporting a project to build a highway, known as the Turgeon route—or possibly some other name—to the Pacific coast. It is my further belief that funds for this purpose are being provided by the Department of Mines and Resources with a view to assisting mining development in that part of the country. I understand the hon. member for Cariboo is enthusiastically supporting that project. May I point out to the minister, however, that no more than five per cent of the people in that part of the country could have any possible use for that type of route. I should like to point out, further, that the people of Prince George, which is in the southern part of the Peace River block, and within the constituency of Cariboo, are one hundred per cent in favour of the route proposed by the settlers in the Peace River district, and recently have joined with those settlers and have organized a Monkman pass highway association. I believe this must prove to the hon. member for Cariboo that they desire an outlet to the Pacific coast and not a trail which will help the Consolidated Mining and Smelting Company to develop their interests in that country, to the detriment of the 65,000 or 70,000 people living in the district.

I know the minister is busy, but I should like to have him pay some particular attention to the project I have indicated, and to inform himself with respect to it. I mentioned it to him a year ago, but possibly he has not yet had time to go into the details. I hope that he will be able to do so in the near future, and that, of all the governments, out of all the promises, out of all the assurances that have been given, the minister will be the first to make possible an outlet to the Pacific coast from the Peace River country. There are many who would enjoy the benefits of such an outlet. We could obtain fresh fruit

from British Columbia. We desire to trade with the people of that province. We need what they can supply. But at the present time produce to and from Vancouver must be hauled around by the city of Edmonton. If there were a motor highway from the end of the present highway in Alberta to Hansard, in British Columbia, the Peace River country would benefit immensely. It cannot be said that the project is impossible. Not even a ferry to cross the river is required. The people who started this road built fifty-five miles one year by their free personal contributions without one cent of financial assistance from any government. It is quite a level trail. It would not need any expensive machinery in order to build a decent road, and it is only 155 miles away from a graveled highway in British Columbia. I suggest that it is the minister's duty to pay some heed to the sixty-five or seventy thousand people in the Peace River country who have been located there for many years, who have been promised time and time again that consideration would be given to their demands, but who have not yet received any satisfaction.

I notice that the hon. member for Cariboo is at present in his seat, so I should like to repeat what I said a moment ago concerning the road which it is proposed to build as an outlet for the Peace River country. The people of his constituency, particularly in the region of Prince George, have now formed what is called the Monkman pass highway association to join hands with the Peace River association, and are solidly behind the Monkman project. The other road proposed would benefit only perhaps five per cent of the population of the Peace River country; nevertheless I do not say that the road should not be built. I think we need as much transportation as possible in order to develop our vast national resources. At the same time the most feasible, the quickest and the best way to bring some measure of assistance to the people of the Peace River country is to give the Monkman pass highway association some assistance or for the government to take over the project and provide the Peace River area with that outlet. There is no difficulty in the way; it is an easy route to follow, and it leads to a graveled highway in the northern portion of British Columbia. In this manner an outlet to British Columbia could be provided for the people of the Peace River country in a very short time.

Mr. DUNNING: Before we go further, I should like to give some information which I have obtained in reply to the question asked by the hon. member for Fraser Valley (Mr. Barber) relating to the operation of the Dominion Housing Act in British Columbia. He was rather critical. I take it, that certain of the lending institutions who operate under agreement with the government under the terms of the Dominion Housing Act were not active in British Columbia.

I think I should say, in fairness to all those who have entered into agreements under the Dominion Housing Act, that what might be called the larger institutions of Canada, both insurance companies and other forms of lending institutions, have dealt far more widely with loans under the Dominion Housing Act than have those localized lending institutions, trust companies and the like, which we find throughout the dominion. In fact, it may very well be said that the larger institutions operating all over Canada are performing a much wider and much more useful service under the Dominion Housing Act than these localized institutions which one would think would be more ready to enter into agreements to meet their own local needs, being so much more familiar with those local needs and being so much closer to the people. That criticism is one not merely of British Columbia institutions; the situation is characteristic of the more localized institutions the dominion over.

Mr. BENNETT: The hon. member for New Westminster says that those companies are discriminating against some towns.

Mr. DUNNING: I shall make inquiries, of course, with respect to those allegations; but I can say that British Columbia is now well in the van with respect to the number of housing units provided for by loans under the housing act. I got the April report just now, and I find that eighty-six units were approved for loans in British Columbia during that month, bringing the total in that province up to 593 units as at the end of April, 1938. Judging from the amount of prospective business reported through the housing branch of the finance department, British Columbia is taking advantage to an ever-increasing degree of the provisions of the Dominion Housing Act. One must remember, however, that the lender is investing sixty per cent of his own money or the money of his institution, or the trust moneys he is administering, and the department is in no position nor does the act give the minister power to compel any lending institution to lend in any particular locality or to lend on any particular housing security, but every effort is made under the auspices of the housing branch to thresh out problems which arise by reason of allegations that certain municipalities are blacklisted or that loans will not be made to certain areas. We en-

deavour to take the matter up with the companies most likely to be concerned, and if one does not see its way clear to make loans in a locality we endeavour, through approaches to others who may be interested, to meet the need. It is not always possible to do so, I would advise my hon. friend. There are some municipalities in which the current tax situation, the assessment situation, the financial situation of the municipality, are such as to cause lenders to hesitate in making loans because, even with the dominion proportion, they consider the element of risk too great. We can never get completely away from that difficulty. But the Dominion Housing Act is gradually coming into ever-increasing use with every month which passes. In the two years of active administration of the law some fifteen million dollars worth of housing has been authorized under the act.

In reply to the criticism that it applies only to the higher cost houses, I would point out that the average loan per unit is down to something in the neighbourhood of $4,200, and it is constantly coming down as the housing act is being used for an ever-increasing number of lower cost houses. I admit, of course, that there is a field of housing which the Dominion Housing Act cannot possibly meet. Mention has been made during this discussion of the man who has not the twenty per cent to invest in the house in order to provide him with that initial equity, the balance being provided by the lending institution supplemented by the dominion government. In my view that is a separate problem. The low cost housing problem as developed in the report of the employment commission is much more largely a problem of low rental housing than it is a problem of low cost homes to be owned by the inmates of the homes. However, there will be a later occasion to develop that.

The government is not unmindful of the fact that the present legislation does require supplementing. I do not say that it requires change. I believe that by pursuing the course we are now pursuing with respect to this type of housing, owner housing, and profiting by the experience which we are having—after all the act is only a little over two years in active operation—we can evolve an economical, satisfactory and sound means of providing at one and the same time low cost homes for people at a low interest rate cost and producing a very considerable volume of employment. During the period the act has been in operation the volume has been around fifteen millions, and I am advised by many members of the house that there are many cases within their knowledge in connection with which loans have been accepted by the lending institutions, but not made as loans under the housing act. That is, the initial impulse towards the building of a home came from the housing act and from the publicity and information supplied in connection with it, but because of various circumstances the loan was not made under the housing act but was made by the lending institution otherwise. So that there is an indirect benefit from the operations of the act which I think it well to preserve and to continue to press. I give this information in response to questions asked by the hon. member for Fraser Valley and others in the course of the discussion.

Mr. BARBER: I thank the minister for the information he has given. In the particular section to which I refer, a number of houses have been constructed under this act, but I do not believe they exceed $6,000 —they range from $3,500 to $6,000. There has been no criticism or suggestion from the lending companies that the taxation in the smaller cities is excessive or would in any way interfere with operations. In fact, they have acted in a number of cases; but all at once this has ceased, and I suggest that a representative of the department should look into the matter. Is there not a representative under this act at the coast?

Mr. DUNNING: I intended to send Mr. Nicholls, the housing officer in the department, to the coast because of the apparent need for advising many localities and many interested lending bodies as to just what the position was with respect to the act. A visit by Mr. Nicholls will probably do much to clear up existing difficulties in British Columbia and I am endeavouring to arrange for such a visit.

Mr. BARBER: That will be quite satisfactory. If the matter is taken up with the lending companies through an officer of the department, there is no reason why the difficulty should not be cleared up, so that many of those who have applied for loans will be able to proceed. I wish to endorse the remarks of the hon. member for Peace River in regard to the construction of the road from the Peace River district to the coast. I believe the present government is pledged to that road and it would give considerable employment. As has already been pointed out, a great deal of voluntary work has been done by the citizens and some encouragement should be given. I was wondering whether the Alaska highway, which the premier of British Columbia is at the present time so anxious

to construct, could be brought in under this act. I understand that he has made a well-beaten trail between here and Washington in his effort to persuade Washington that it would be a fine thing to construct a military road through our province. I was surprised that a provincial premier should undertake something international in scope, some agreement with a foreign country, without going through the federal government. Perhaps the minister could enlighten me on that. There may be some understanding, perhaps a contribution under this act towards the Alaska highway, known as the military road, through our province.

Mr. ROGERS: I am not able at the moment to add to the information already possessed by my hon. friend with respect to the Alaska highway. I should like, however, to discuss the references made to the importance of a Peace River outlet. Highway connection with the Peace River is, I believe, appreciated on all sides of the house. It has been brought forward by the hon. member for Cariboo on a number of occasions, and also by the hon. member for Peace River, they being the two members most directly interested in this highway communication. As a matter of fact, in the joint arrangement with British Columbia last year there was provision for the construction of a road in the Peace River district.

Mr. PELLETIER: Does the minister refer to the grants given by the mines branch to develop mines?

Mr. ROGERS: Yes, there has been a contribution from the mines branch.

Mr. PELLETIER: No money has been expended on a direct outlet from the Peace River district to the Pacific coast. I was referring to the Monkman pass highway, which is the quickest and most direct route.

Mr. ROGERS: There has been no expenditure on that section of the proposed highway. I might also refer to a statement made by the hon. member for Fraser Valley with regard to discrimination in giving employment on highway work now in progress in British Columbia. I said at the time that I did not believe it was a dominion-provincial project to which he had reference. As a matter of fact, in all our agreements with the provinces covering joint works, there is a clause, which was in effect under the previous administration and which has been continued, providing that in the granting of employment there shall not be discrimination by reason of race, religion or previous political affiliation; and wherever we have received complaints that there has been discrimination in these joint projects we have had them investigated immediately and attempted to rectify any irregularity that has occurred. I can say with assurance that the work to which the hon. gentleman has referred, now in progress, is not work to which the dominion is contributing.

Mr. BARBER: It is on the trans-Canada highway.

Mr. ROGERS: That may well be, but there are sections of the trans-Canada highway to which the dominion is not contributing.

Mr. BENNETT: We contribute for the purpose of bringing it up to standard.

Mr. ROGERS: The sections to which we contribute are assisted to the extent of fifty per cent. Actually, our agreement with British Columbia expired on March 31 of this year, so that at the present time we are not contributing to any highway work now being carried on in that section.

Mr. BARBER: In connection with the highway, will there be an agreement with the province, as in the past, under which the work will be distributed?

Mr. ROGERS: Yes. That has been the case in the past, but I cannot say what will constitute the form of the new agreement with the province in the coming year.

Mr. BENNETT: There are two or three matters about which I wish to speak briefly, first with respect to the Monkman pass highway. It was common ground by all parties in this house that there should be an outlet from the Peace River area to the coast. The former Liberal government was committed to finding an outlet. The late government appointed a commission which made a report and they were in favour of an outlet being provided when financial conditions permitted.

Mr. STIRLING: A rail outlet.

Mr. BENNETT: Yes. It is quite clear that under present economic conditions the government is not in a position to undertake a rail outlet. At least that is the view which has been expressed by members of the administration, and I believe it is not an unsound one. Certainly during the years from 1930 to 1935 there was no possibility of money being found for that purpose. But there is no reason why a decent highway should not be provided, having regard to the number of people who are without opportunity to get to the coast, and who certainly cannot reach the Atlantic coast and the prairie communities under any reasonable conditions. There has been a rough survey made of what is known as the Monkman pass location extending over

a distance of about 131 miles from Rio Grande to Hansard. That is Rio Grande in Canada, not the Rio Grande between Mexico and Texas. It would cost a substantial sum of money to make that into a passable highway. But I really think that the people who have made their home there and carried on development and made an annual contribution to our national wealth very large in proportion to their numbers, should have some way of getting out.

I think I could indicate from the records that we do incur some substantial responsibility when we permit people to locate in such areas and build up communities. That has been so in this case. The number of people, given as sixty to seventy thousand, is a little larger than I expected, but I am told that they are actually dependent upon some form of vehicular transportation other than by rail or water for the purpose of getting to the coast. They cannot get out by our merely giving some little assistance to open up a mining claim or connect them with some locality a few miles distant, because they are scattered over what is known as the Peace River area, and there is no way I can conceive of from my investigation by which they can market their products except by coming down to Rio Grande and from there a distance of 131 miles to a place called Hansard. There are no large streams to bridge, no great difficulties to overcome. I am speaking now from the reports which were received, which may or may not be wholly accurate; it may be that a survey has been made since.

Mr. ROGERS: That was for a railway?

Mr. BENNETT: No, that was not for the railway; that was for a highway, because when we felt that a railway was impossible from the standpoint of cost we had investigation made with respect to the possibility of a highway. I commend to the minister a careful consideration of that situation. I believe these people have a claim upon us, and it would afford work for a large number of people in a territory with a fairly reasonable climate, and would have the merit of being an expenditure for an extremely desirable if not necessary project. I say to the minister frankly that had the late government had the opportunity with improving revenues, provision would have been made by highway to give these settlers an outlet to the coast, until such time as it became possible to construct a railway. How much time will elapse before that is possible, I do not know.

Mr. MACKENZIE (Vancouver): Was the highway survey ever tabled in the house?

[Mr. Bennett.]

Mr. BENNETT: No; what was tabled in the house was the report made by the representatives of the railways and the province.

Mr. ROGERS: I have not seen the other report at all.

Mr. BENNETT: Well, it could hardly be dignified by the name of a report. It was an indication that, failing any other method, it would be possible to traverse the area from Rio Grande to Hansard with a highway at not too great an expense. In the building of every railway you have what is called a reconnaissance survey; someone makes a preliminary reconnaissance before a survey is made for the line. This would be a reconnaissance, and it indicated that the task of constructing a road would not be too difficult.

The second point to which I wish to direct attention arises out of observations made by the hon. member for New Westminster (Mr. Reid). I confess I am sensitive upon that question and perhaps I indicated it too readily. The truth is that when we made agreements with the provinces we did not make them with the municipalities, and we insisted on three—not one, or two, but three—methods being followed to protect the exchequer. This had never been done before. I think it is still continued. They were: (1) The certificate of the municipality or spending authority; (2) the province had to give its certificate or there was no money payable; and (3) we insisted on the auditor general making a pre-audit before a dollar was paid. I was able to produce in this chamber original documents showing the method pursued with respect to pre-audit by the auditor general, stamped with the initials of an official of his department, and the comptroller of the treasury informed me definitely that no cheque issued in any case unless and until those prerequisites had been observed.

Mr. MACKENZIE KING: That was after my right hon. friend had been in office a couple of years.

Mr. BENNETT: No, no couple of years about it; just as soon as we saw that the expenditures were not emergency expenditures we called in the auditor general, and finally passed an order in council—he did not think otherwise he had the authority; the question did not arise out of the British Columbia situation at all; it was in the east—and it then became apparent that the auditor general was satisfied that unwarranted payments had been made notwithstanding the certificate of the provinces. That is the reason that to-day the dominion is making its claim against the

provinces for these moneys, and there will be found in the report made by Mr. Hereford which just came down on Friday, these words:

Considerable progress has been made during the past year in bringing about satisfactory adjustment of claims as computed by the auditor general against the provinces.

Mr. ROGERS: That is post-audit.

Mr. BENNETT: Yes, but against the provinces, because the provinces had given their certificate. We would not have a claim against the provinces at all if we had not insisted on the conditions mentioned. But they gave their certificate over the signature of, usually, a responsible minister.

The balance shown as pending settlement in the province of British Columbia is due to a report recently made by the auditor general, which is at the present time receiving the province's attention.

Explanatory correspondence is being continuously carried on with the respective provinces to bring about satisfactory settlement of claims as reported by the auditor general.

In addition to examinations conducted by the auditor general investigations have been carried out by the Unemployment Relief Branch and the provincial authorities which have resulted in refunds being made to the dominion in adjustment of various overpayments.

On page 15 of this report there is an indication of the amounts still unpaid, about which claims are made, and in British Columbia it amounts to the enormous sum of over $2,000,000. The circumstances to which the hon. member for New Westminster has referred are in part responsible for that. It did not all arise under one administration either; it was apparently a definite effort on the part of some persons to obtain money and use it for purposes that were not authorized, and notwithstanding that certificates were given they were given without an analysis of the figures to the extent that was proper.

The last point to which I wish to direct the attention of the minister is this: Section 3 with which we are now dealing contemplates the expenditure of large sums of money. I think the minister should give us some indication of how these moneys are to be expended, at least more than is indicated in the section itself. I think the committee is entitled to some explanation as to how these moneys are to be utilized. All that is said at the moment is:

The governor in council may out of moneys appropriated by parliament authorize the execution of such undertakings as the governor in council may determine to be in the general interests of Canada and requisite for the purposes of this act, and for such purposes may authorize the performance of such acts and the execution of such agreements and contracts as the governor in council may deem necessary and expedient.

Then follows a provision with respect to the utilization of the services of those who are on relief. I have a large volume of correspondence directed to the fact that patronage has become almost an intolerable evil with respect to these expenditures. I have had sufficient experience to appreciate and realize the difficulties that the minister has to meet, and it was for that reason that I welcomed so warmly the statement made the other day by the Prime Minister with respect to public expenditures. If these were normal times; if the buoyant revenues were being obtained by slight taxation instead of taxation as heavy as in most countries—notwithstanding what may be said, we have a multiplicity of taxing authorities and the aggregate of taxation, direct and indirect, upon the individual in Canada is very heavy—conditions might be different. It is unfair to say that those who contribute largely shall have their money used for the purpose of providing employment for their political opponents, while their friends are debarred from thus being employed. There is no adequate answer that can be made to that argument, and I therefore applauded the observations made the other day by the Prime Minister.

However, I was a little disappointed to receive a communication on Thursday last indicating that in connection with the cleaning up of the old camp at Long Branch, instead of employment being given to those on relief or to returned men, the head of the Liberal party in that locality was allocating work to individuals while others could not get it. These gentlemen wrote me complaining vigorously that they were thus being passed over, especially in view of the observations that had been made in this house. During the course of his estimates I shall give the minister a considerable number of cases that have arisen during the past year, some of which I think merit the use of strong language. It seems to me to be manifestly unfair that when we are dealing with the problems of relief and poverty and hardship, the taxpayers of the country should be told that their taxes can be used only for one purpose, that is for providing employment for those who support the government. I hope the minister will see to it that the declaration which was made the other day—which after all does not go much further than the provisions in the agreements which the hon. gentleman inherited; with respect to expenditures jointly by the provinces

and the dominion the agreements contained a provision inserted by the former government that there should be no discrimination—

Mr. ROGERS: That has been continued.

Mr. BENNETT: I am subject to correction, but so far as I recall there has been no modification of that provision; it still stands.

Mr. ROGERS: That is correct.

Mr. BENNETT: I shall not anticipate the discussion on the estimates, but perhaps I might refer to one instance in the hon. gentleman's own city. There was a large expenditure involved in connection with the old Fort Henry repairs and a certain number of the people who were unable to get work were scrutinized closely. I noticed in some of the papers that have been brought down the name of one who has to do with the corporation that had the contract, the Frid Construction Company. I notice that his signature was good enough to secure employment, not only in connection with this work but in connection with the airport at Trenton. I shall speak of this at the appropriate time, but I hope the minister will take such steps as may be necessary to make it understood that this is something which is meant, if I may use that word.

Do not for one moment think I have no understanding of the difficulties that a minister of labour in particular has to overcome, especially a minister of labour who is serving his first term in the House of Commons. I know his difficulties; but I suggest to him that if he takes a firm stand, while he may lose a friend or two he will at least go to bed at night with his own self-respect, which is very important even though one is a minister. I think that will be found to be so, and I do ask the minister to look into these matters because I feel great unfairness has been done in many cases. That is why I think we are entitled to rather fuller information than the minister has given us thus far in connection with the contemplated expenditures under section 3. His answer is that they will be apparent when the estimates are brought down. That is true, but it is true only in part. That will not indicate in any sense what is in the mind of the government, except with respect to the extent of the expenditure. The complaint was made very vigorously from this side of the house in days gone by that the information was not forthcoming to the extent to which representatives of the people should have it in connection with expenditures of this kind. There is one other matter to which attention might be directed, but I think it can stand this afternoon to be dealt with when the estimates are before us.

[Mr. Bennett.]

Mr. ROGERS: There are one or two questions which have been raised by the leader of the opposition with which I should like to deal. The first was as to the information which might now properly be given to the committee with respect to expenditures to be made under this bill when it becomes operative. Obviously we cannot present at this stage the estimates which will cover the expenditures under this bill.

Mr. BENNETT: I quite agree as to the estimates, but the minister could give the details of the general purposes and policy of the government.

Mr. ROGERS: I indicated the other day, so far as it was possible, the general directions of the expenditures.

Mr. BENNETT: Pretty general.

Mr. ROGERS: Some were announced in the speech from the throne, and others will be continued because they are inherent to the problem itself. I refer particularly to grants in aid to the provinces. As to the works to be carried on, all one can say at this stage is what I have stated already on a number of occasions. Under this bill and in the estimates of the various departments provisions will be made for works, not essentially as relief works but rather for the purpose of conservation and development. The precise amounts that will be spent in this connection will be made available when the supplementary estimates are brought down. I may remind the leader of the opposition that when his own legislation was in force we were under the greater disadvantage of not having even supplementary estimates which set out the direction in which these various expenditures would be made.

Mr. BENNETT: There is not much difference in governor general's warrants.

Mr. ROGERS: They have been confined to drought relief.

Mr. BENNETT: No, for other purposes.

Mr. ROGERS: Very largely, so far as the larger amounts are concerned.

The next point is that employment is provided on relief works only to the friends of one political party. I think it is and has always been common ground in this house that there should not be discrimination in the employment given on works carried out under this legislation. It is quite true, as he has stated, that the clause providing against discrimination under his own administration has been continued under the present administration, and I think I can assure him that that clause has been observed as scrupulously

in the one case as in the other. He has referred to one or another of particular cases, and I would say this to him, that I have never failed to make inquiry into any charges which have been brought to my attention, and for that reason I have not failed to sleep in the manner he has mentioned. But if he has further information I wish he would give it to me, and I shall be very glad to make the necessary investigation at once, the more so if the charges relate to my own constituency. The work done at Fort Henry, as a matter of fact, is not in the city of Kingston, but it does affect the employment in the city of Kingston, and I do not raise that point at all because the work is being done so close to Kingston that obviously it affects employment in that city.

The work done is under the joint works agreement with the Ontario government. The contract is let by the Ontario government and approved by the representative of the dominion government. The work is done under the provision which requires that at least fifty per cent of those working on the project shall be taken from the relief rolls, and I have given explicit instructions to all our inspectors in all provinces that that provision shall be carried out scrupulously. So far as I know, there has not been any examination of the political allegiance of those who have been taken from the relief rolls. Otherwise the agreement provides that those employed shall be taken where possible through the Employment Service of Canada. The Employment Service of Canada, as my hon. friend is fully aware, is effectively under provincial administration.

Mr. BENNETT: Although we maintain it.

Mr. ROGERS: Although we maintain it to a limited extent, actually our expenditure for the employment service is only about thirty per cent of the total cost. I am giving that figure offhand, but I do not think it is in excess.

Mr. BENNETT: So far as that is concerned, what we provide is equal to supplying the requirements of the service.

Mr. ROGERS: Oh, yes, but I am speaking of the provisions of the agreement under which employment is given on these joint works. Certainly any information which may be in the possession of any member of this house and which ought to be brought to the attention of the Minister of Labour, I shall be glad to receive, and I can assure the leader of the opposition that I shall not hesitate to follow through any investigation of that kind.

Mr. BROOKS: It is gratifying to me to hear the remarks that have just been made by the Minister of Labour (Mr. Rogers). Coming as I do from the province of New Brunswick, where we are working under a different arrangement from that in any other province of the dominion, I think the minister's remarks are more apropos to New Brunswick than to any other part of Canada. As he knows, in New Brunswick we have not had relief as it has been given in other sections of Canada. We have been working under special grants, not grants in aid, but special grants for works. In 1936 I called the attention of the minister to the fact that in my province there were discrepancies so far as the spending of money for relief purposes or for aid was concerned. Speaking in a general way, in my own constituency it has been almost impossible for men who have not been supporters of the present government to receive work of even the most menial kind, such as pick and shovel work on the road. I call the minister's attention to this, and I am well satisfied that if he could give these matters his personal attention, such things would not be; but it is left mostly to the local politicians or the head of a local committee, who select their own party followers to do all this work, so much so that this state of affairs has become notorious in different parts of New Brunswick, and certainly it is notorious in my own constituency. Conservatives have not been allowed to work on the highways. We have hard-surfaced roads in the province, in the surfacing of which we have been assisted more or less by the dominion government, and the large construction companies get lists of men from the head of the Liberal organization in the different sections of the province where the work is being done. This has been quite general throughout the province, and it is most unfair, particularly in New Brunswick, where there are no relief rolls from which to select the men.

Mr. TAYLOR (Nanaimo): Reverting to the statement of the Minister of Finance with respect to the extension of facilities under the Dominion Housing Act into British Columbia, is the minister able to tell us if any of these facilities are being extended into Vancouver island?

Mr. DUNNING: I cannot say offhand. I think there are loans on Vancouver island, but I shall ascertain that for my hon. friend.

Mr. TAYLOR (Nanaimo): Will the minister instruct Mr. Nicholls to extend his services into Vancouver island?

Mr. DUNNING: Certainly.

Mr. GREEN: Arising out of the statement made by the Minister of Finance, is it the opinion of the government that a low rental housing scheme would be covered by this unemployment act, or would special legislation be necessary? I refer more particularly to a scheme such as that recommended by the national employment commission.

Mr. DUNNING: The question is a little difficult because it involves government policy.

Mr. BENNETT: The question was whether the work could be done under this section.

Mr. DUNNING: A certain type of scheme could, but other types could not. It is largely a question of the type of scheme that is decided upon.

Mr. GREEN: Would a scheme such as that recommended by the national employment commission be covered by this act?

Mr. DUNNING: I am doubtful.

Mr. PELLETIER: The leader of the opposition mentioned three projects, and in reply the Minister of Labour mentioned only two. I would like to point out that the leader of the opposition mentioned the Monkman pass highway association. Much as I appreciate the remarks of the minister that the government was very much concerned with the plight of the people of the Peace River country—

The CHAIRMAN: It is six o'clock.

At six o'clock the house took recess.

After Recess

The committee resumed at eight o'clock.

Mr. PELLETIER: Mr. Chairman, just before the committee rose at six o'clock, I had begun to say a few words on the Monkman pass highway association. One thing I want to make clear at the outset is that in discussing a highway outlet to the Pacific coast it must not be thought I have overlooked the fact that we have long been pressing for a railway outlet from the Peace River country to the Pacific coast. But the remarks I am making now are applicable to the legislation before us, which is designed to alleviate agricultural distress and relieve unemployment. The people of that part of Canada look forward to the day when their dream of a railway outlet to the Pacific coast will be realized, and in that connection I might say that I have brought down to the chamber resolutions passed by various boards of trade, particularly the Peace River board of trade, the whole tenor of which is this: After a great many "whereases," if I may use the phraseology of the hon. member for Comox-Alberni (Mr. Neill), here is one resolution which says:

> Be it further resolved that it is now high time that our parliament be advised that Vancouver is not the only spot on our Pacific shore at which an ocean liner can dock, and that the people of the north are quite impatient of being told there is no money for our enterprise while we watch the slow conversion of Montreal into the Jerusalem of Canada with its jasper walls, pearly gates, streets of gold and transparent glass, and the shores of that hallowed St. Lawrence being paved with gold bricks from this New Jerusalem to the sea.

Similar resolutions have been passed by various boards of trade in the Peace River country, and once more I want it clearly understood that the remarks I am going to make regarding the Monkman pass highway association in no way alter my position in regard to the need for a railway outlet to the Pacific coast.

I would point out to the Minister of Labour that the leader of the Liberal party is definitely committed to providing the Peace River country with a railway outlet to the Pacific coast. I have in my hand a report of a speech made in Vancouver by the Prime Minister (Mr. Mackenzie King), dated as far back as July 8, 1930, in which he says that the construction of an outlet from the Peace River district might furnish employment for many now out of work. So, as far back as 1930, the minister's own leader was under the impression that an outlet to the Pacific coast might furnish employment for many now out of work. I realize that the present Minister of Labour may not be fully acquainted with what has taken place in the past concerning an outlet from the Peace River country to the Pacific coast, but I may tell him that the Prime Minister is very well acquainted with the various projects that have been discussed from time to time, and I feel sure that the minister, after consulting with the Prime Minister, should be in a position to give us a definite statement as to what our people in the Peace River country may expect.

With reference to the highway which it is now proposed should be built, I mentioned the matter to the minister as long ago as last year, when Bill No. 80 was under discussion. Perhaps the minister has not all the information before him, so in order to make sure that the information is laid before the committee and that the minister may know what the people of that part of the country want, I have brought with me a fairly large map showing the proposed outlet.

This is a map of that part of the Peace River block which shows the need of the present highway in British Columbia, in the northern part of the province, and also shows the highway which comes from the southern part of British Columbia and runs as far north as Hansard, in that province, on the Canadian National railway. The gap to be built is a stretch of 132 miles between Rio Grande on the north and Hansard on the south. The construction of the road does not present any difficulties. People have already been over that road many times in wagons, and as the leader of the opposition said, it is not a question of attempting any engineering feats. It is quite easy to build the road, and I should be very happy to offer this map to the minister on behalf of the people of the Peace River country so that he will be in a position to know exactly what we in that part of the country desire.

Last year, when Bill No. 80 was under discussion, we were given no more idea of what was going to be done for unemployment than we are being given to-day, but supplementary estimates were later brought down and by item 302 the sum of $7,331,000 was appropriated as a federal contribution to provincial and municipal relief projects. That was only part of the moneys which were spent, and as the minister said this afternoon, not a single dollar of that was spent, I believe, to assist in the construction of an outlet from the Peace River country. It is true that the government has supplied some moneys for what will eventually become an outlet. I have before me a sketch of the proposed highway to which the present federal government has been contributing in some degree through the Minister of Mines and Resources. I believe it is called the Turgeon route. Instead of going eastward from Prince George, it goes westward and from Manson creek north to Finlay Forks, and then swings to the east to Hudson Hope. The proposed route, on which moneys are already being expended, is 600 miles long, but you know, Mr. Chairman, just as well as I do, how long it will take to build 600 miles if we are going to build only from thirty to forty miles each year as a measure to assist in giving employment.

I repeat that all those who are interested in the development of the Peace River country, no matter where they live, realize that the best and shortest route to give us an immediate and direct outlet from the Peace River country is the so-called Monkman pass highway. It is needless to go over the arguments that have already been presented, but I should like to point out that nowhere else have people had the courage to get up and do the work of road building themselves when no government funds were coming from any quarter. The people themselves went about the country collecting food, money, axes and equipment; they volunteered to work and volunteered the use of equipment, and then of their own accord they got busy and began to build an outlet to the Pacific coast because the people of the Peace River country are determined that eventually we are going to enjoy the benefits of being able to trade with British Columbia. There is not a member of this committee who comes from that province who does not desire to see this project brought to a successful conclusion. Why? Simply because we in the northern part of Alberta offer a market for the fresh fruits and garden stuff of British Columbia, which is at present closed to us. To-day it is impossible for us to bring in these fruits and other products over the present route. We have to ship the stuff from Vancouver around by Edmonton or Calgary and then north again four hundred miles to the Peace River country, and all we need is a highway 132 miles long to give sixty-five to seventy thousand people the advantages which such an outlet would confer upon the Peace River country.

In addition to these arguments I should mention that for several weeks past I have been receiving a large volume of correspondence from that section of the Peace River country. Letters have poured in from the Peace River block in British Columbia. All the residents in the Peace River areas in British Columbia and Alberta are united in their desire to have an outlet to the Pacific coast. They hope that before long the Monkman pass highway will be an accomplished fact. I repeat that it is the most direct and the best outlet at the present time. It is not a matter of expending millions of dollars; we are not talking in millions. We are content —at times—to let other portions of Canada get the millions if we can obtain only a few thousands. We have waited long and up to the present we have waited in vain. The people in that particular part of Canada are not people to whom only one provincial government can be held to be responsible. As the leader of the opposition said this afternoon, the settlement in that particular part of the country is made up of people who come from eastern Canada and of French Canadians who left the industrial centres in the eastern United States to come west and settle this land. The country produces each year upwards of twenty million bushels of wheat.

It is exporting all kinds of products, and it certainly deserves consideration by this committee and particularly by the Minister of Labour when he makes out his list of moneys to be voted to help the provinces in respect of unemployment relief. At a later date I hope to be in a position to thank the minister sincerely for having listened to our earnest pleas and given us some assistance. If he does so he will be, as I have remarked before, the first man in Canada to recognize the needs of that area of the Peace River country; and I am sure that, regardless of our views on other matters, we shall all be grateful to him. After all, all we seek is a little justice.

Mr. TURGEON: I know that hon. members for many years have been listening to speeches in favour of the construction of what has become known as the coast outlet from the Peace River district. Quite frankly, I would not have spoken on this subject during this debate were it not for the occurrences of to-day, because I am of opinion that works of this nature are more readily secured by quiet endeavour on the part of the members backed by the endorsement and the agitation of the men and women who are particularly concerned. I am glad that the right hon. leader of the opposition raised his voice to-day in favour of this general outlet and particularly in favour of the Monkman pass highway, because by doing so he lifted the whole question of the Peace River outlet out of the slough in which the hon. member for Peace River placed it. The terms used by the right hon. gentleman were so different from those used last year and this year by the hon. member for Peace River that I decided to take part in this debate. I recall the speeches made by the hon. member for Peace River. I remember questions which were placed by him on the order paper last session and I was reminded of the words he used to-day in describing another road built through the cooperation of the federal government and the government of British Columbia; this government spending a portion of the funds voted by this house each year since and including 1936 to assist in the construction of mining roads, in consequence of this government's then new mining policy, which was designed to open up new areas where mining was a possibility. He said to-day, in speaking as an advocate of the Monkman pass construction, that this government would be better off helping to build the Monkman pass rather than spending money—for what? What was the interpretation placed by the hon. member for Peace River upon the work which has been done in that part of British Columbia lying north of the Canadian National railway line running from Jasper into Prince Rupert, the railway line which was the dream of those who tried to open the northern part of Canada and especially the northern part of Alberta and British Columbia years ago when the old Grand Trunk Pacific was designed and constructed, a branch of railway which unfortunately, although certainly not through the fault of the people who lived along the line, has been operating in the red for many years? He said that this road work carried on regularly during 1936 and 1937 was designed to give a road to the Consolidated Mining and Smelting Company.

Mr. PELLETIER: I repeat that.

Mr. TURGEON: The hon. member knows that is not correct.

Mr. PELLETIER: I repeat it.

Mr. TURGEON: Then the hon. member is repeating what he knows is not correct. One question on the order paper which was asked by the hon. member last year was, "Are there any mining properties in the vicinity of Manson Creek, B.C., within a hundred mile radius?" The hon. gentleman did not take the pains first to find out whether there was anything, before he commenced to throw a slur upon the work itself. He asked, not if there was anything there, but if there was anything "within a hundred mile radius." He received an answer from the Minister of Mines and Resources which I shall not take the time of this chamber to read, two-thirds of a page of typewritten figures, giving him the names of the companies which are operating in that district; and he rises in his place here to-day and says that the road is built simply to provide a road for the Consolidated Mining and Smelting Company.

While I am referring to this matter, let me say that one of the large companies, other than the Consolidated Mining and Smelting Company, which are operating in the district is Northern Ventures Limited of East Africa. Within a few months after the construction of that road from Fort St. James into Manson Creek, or rather, towards Manson Creek, Venture Exploration Company (East Africa) Limited decided to throw their lot in with that country because they recognized there a mining area; and from that date, September, 1936, to some months ago, this company has spent in that area in mining exploration over one mililon dollars. In addition to this and the Conosolidated Mining and Smelting Company, there are several other smaller companies, including a number of interests whose

location is Vancouver. Discussing this very question last year the hon. member for Peace River spoke about my interest in that north country. It just happens that this does not mean anything. I know that when I say this members will say right away, "Oh, patronage." It so happens, however, that practically every mile of country through which any one of these routes would go is in my constituency; and I ask you, Mr. Chairman, not expecting an answer from you, but looking for one from the people of the north country, if the hon. member for Peace River—

Mr. BENNETT: Is that the reason the hon. gentleman is speaking so loudly?

Mr. TURGEON: Thanks very much for reminding me.

Mr. GARDINER: It is better to have somebody who can be heard.

Mr. TURGEON: It is one of my faults, and I appreciate the reminder.

Mr. DUNNING: It is a good one.

Mr. TURGEON: Incidentally, may I tell the leader of the opposition that although I am going to lower my voice here I am not going to still it in the north country with regard to the hon. member for Peace River or with regard to the right hon. gentleman himself, because I remember that in the session of 1936, while I had meant not to speak on this particular project at that moment, I rose to discuss the Peace River highway. I did so because while sitting in this house, I listened to the leader of the opposition warn this government against spending any money on highways within the bounds of provinces, and you cannot build into and out of the Peace River area without spending money within the bounds of provinces.

Mr. BENNETT: The hon. gentleman is mistaken, but it does not make any difference.

Mr. TURGEON: No, I am not mistaken, because before mentioning it to-night I looked it up.

Mr. BENNETT: I think the hon. member will find that we were constantly spending money within the provinces but not on highways, without the provinces assisting and aiding.

Mr. TURGEON: I am not sure that the right hon. gentleman mentioned that. If he says that is what he meant, that he had no objection whatever to an expenditure by this government of moneys on highways so long as the provincial government joined in the venture, then I certainly withdraw without hesitation what I said a few moments ago concerning his statements.

Mr. BENNETT: But we did that in 1930 to 1935.

Mr. TURGEON: Yes, but the right hon. gentleman drew upon his vast experience and warned this government against making the same mistake that he had made during the period of which he is now speaking. Be that as it may, my words will be heard within the bounds of the Peace River district and in other parts of British Columbia. This road work which the hon. member for Peace River has been so violently condemning was done during 1936 and 1937 by this government and the province of British Columbia jointly upon the basis of $2 of federal money to every $1 of provincial money. Let me tell the hon. member that I have strongly recommended to this government that that work should be continued during this year 1938.

I return to the Peace River highway itself. The hon. member mentioned the name of this other route; he said he thought it was called the Turgeon highway. I have before me a newspaper and a map showing the name "Turgeon" highway. The use of the name "Turgeon" on that occasion was the first time that I had ever seen or heard of that name being applied to that particular route.

An hon. MEMBER: There is nothing wrong about that.

Mr. TURGEON: The only thing wrong is that in this particular article the writer who called that route the Turgeon route condemned it and asked for construction of the Monkman pass highway. May I digress here to say one word in an entirely different vein? This newspaper—

Mr. McIVOR: Louder.

Mr. TURGEON: It is hard to please everybody. This is the Prince George Citizen, under a different management entirely now from what it was when this article was written. The fine old gentleman who then owned the paper and penned this article has passed to his reward within the last few weeks, and to his family and to those with whom for so many years he was associated I wish to say a word of respect to his memory. This particular newspaper article which calls this route the Turgeon highway has this to say. They are advocating the Monkman pass and the writer says "Unfortunately, Mr. Turgeon, the member for the district, is committed to this other route." He makes this proposal—and I have in mind what the hon. gentleman just said in the

closing words of his remarks to which I shall refer again: If only we could have Mr. Turgeon support the Monkman pass and make a deal with the Prime Minister of Canada, and relieve the Prime Minister of Canada of his obligation and the obligation of all political parties to build a railroad into Peace River and substitute the Monkman pass, then we would all be satisfied.

The hon. member must have read during the dinner hour a resolution prepared by the people of Peace River town, or Peace River Crossing as we used to call it in the old days in Alberta, which town is in the hon. gentleman's riding. According to that resolution the people there are not enthusiastically supporting the construction which he is asking for to-night. There are different ports on the Pacific; there is Vancouver, there is Prince Rupert, and there is Stewart; and the people of the Peace River district—I am referring now not to the riding generally, but to Peace River Crossing, or town—are rather inclined to favour construction through the Peace pass on to Stewart or to Prince Rupert. Just within the last few weeks they passed a resolution to that effect. While the hon. gentleman did not say so, I rather think that is the resolution which he is now reading in order that the people of the north country, having read all the other speeches he has made to-day and on other occasions with respect to this matter, will not think he is neglecting them altogether, will not think he is forgetting about the length of time that the people of the Peace River district have asked for a railroad into that country. And so he comes here to-night and reads us what I fancy—I may be wrong and he will correct me if I am—is an extract from a resolution passed by the board of trade of Peace River Crossing in his constituency.

Several things must be borne in mind when one is talking to this government—and when I say "this government," I mean the government of Canada—in connection with the construction of any highway, whether from the Peace River area or not. One of them is that up to this very hour all works of this kind have been done jointly by the dominion and the province involved. The dominion could not say to the province, "We want to build a road here and we will not give you our money if you want to build it in another place." The works had to be done jointly or they would not have been done at all. What was done was done on the strength given to the Dominion of Canada by the new mining policy initiated by this government now in office under the prime ministership of the right hon. gentleman whose words the hon. member for Peace River quoted to-night and quoted in the speech he made a year ago, trying to throw something back into the right hon. gentleman's face. The pledge he quoted, which was made some years back, was for the construction of a railway from the Peace River district to the coast. This government, having in mind not necessarily pledges but the necessities of the people of that northern country, were glad to aid the province of British Columbia in the development of the project which they wished to push out from Fort St. James towards Manson creek and which might run to Finlay Forks, and one result of that road work, leaving out altogether if you wish what it might mean to the people of the Peace River district, was that, while up to and including the first part of the mining season of 1936 the largest number of men ever employed in that whole Omineca area by private industry in the search for gold was about seventy-five, certainly not more than one hundred, last year, only twelve months after the commencement of work, the number of men employed by private industry had increased from under one hundred to over six hundred. Is that not something for the Minister of Labour to be proud of? Is that something which must be held up against him in this house and it be said that the government of which he is a member are doing this only for the Consolidated Mining and Smelting Company?

Let me tell the committee something more. We have running through the province of British Columbia what is called the Pacific Great Eastern railway. I think every hon. member has heard of that railway. In years past the Alberta government—I remember this well because later on I was a member of the Alberta legislature—voted money towards the construction of the railway called the Edmonton, Dunvegan and British Columbia railway, the intention of the Alberta legislators being to have that railway extended through the province of British Columbia to the coast. But the Pacific Great Eastern was constructed, or partly constructed, in British Columbia, and for years the dream has been cherished that eventually these two railway lines would be connected. From that several results would follow. The people of the Peace River district both in Alberta and in British Columbia would obtain that outlet which they have so earnestly desired for many years; and the province of British Columbia would be relieved of the burden resting upon it by reason of the fact that the Pacific Great Eastern, while doing excellent work in the small area which it serves, is not on a paying basis owing to the smallness of that area.

Is there anything that would do more to bring about the construction of a railway in the future than the development of the natural resources of the country through which that railway would run? What are the natural resources of that country? The right hon. leader of the opposition to-day mentioned an engineering survey made some years ago by a commission consisting of a representative of each railway, the Canadian National and the Canadian Pacific, and a representative of the provincial government who was the chairman. I have here a summary of statements prepared by the chairman of that commission. I shall not weary the committee by reading much of this, but he advises that of all the passes observed by the commission and their employees the one most suitable for the construction of a highway is that from Prince George almost directly north and a little west, down the waterways which commence thirty-five miles north of Prince George at Summit lake, to Finlay Forks and down the Peace river as far as you might have to go. I found it impossible to secure money directly to build a highway into the Peace River block, so as the member for that district I did the next best thing that was possible, helped to bring about the development of some of the natural resources which the chairman of that engineering commission told me would unquestionably be found in that country. And that mining development in Omineca of which I have told the committee is simply a demonstration of the foresight displayed by the chairman of that commission away back in 1934 when he made his recommendation to me. His report stated:

> The bulk of the timber and mineral resources will be directly tributary to this route and the largest area of agricultural lands, in the lower Parsnip and Finlay valleys and north of the Peace river in British Columbia, will also be best served by this location of the highway. This highway will afford access to 2,800,000 acres of cultivable lands largely suitable for mixed farming, 6,862,000 thousand board feet of merchantable timber, 4,800,000 cords of pulpwood, and 7,000 square miles of mineralized areas, especially deposits estimated of over 600,000,000 tons of semi-anthracite and semi-bituminous coal.

Mr. BENNETT: A great market for that.

Mr. TURGEON: I do not suppose the right hon. member means the gold I mentioned, or even the timber or pulpwood I mentioned, so I suppose he means the coal. We have in that area adjacent to Hudson Hope three things in combination. There is without question 600,000,000 tons of anthracite and semi-anthracite coal—

Mr. BENNETT: Is that the Skeena field?

Mr. TURGEON: No; that is another coal bed entirely, mainly along Carbon creek, but along the Peace river generally. That coal has been analyzed here at Ottawa and it tests ash free. There is a market for that. If we can produce in Canada anthracite coal which the government analysts find ash free we have a market for it, especially when running right through that coal bed is one of the greatest undeveloped water powers in Canada. There is running through that coal area twelve to fourteen miles of canyon through which the Peace river rushes with all its force. And right alongside of it—although I am not quite so sure of this as I am of the other resources—is evidence of iron ore. You have your coal and your water power and the possibility of iron ore all within the same area. And right on up the river you have gold and base metals. Just beyond the junction of the three great streams, the Parsnip river, running northeast, the Finlay river running southwest and the Peace river, which is gouged out of the rocks by the other two streams, you find your gold in the Omineca country, which I described a little while ago.

The hon. member for Peace River said that the Consolidated Mining and Smelting Company are interested in this north country. Of course they are. I am inclined to think that for many years that great corporation, like other large corporations, was not anxious that the great potential value of that area should be known. I do not blame them for that because they wanted to develop that country quietly on their own. They were not demanding the building of roads at that time, and it was only after we started a road and other companies came in and began to find gold in paying quantities that the Consolidated Mining and Smelting Company made a request for that road. Prior to the time that I had a recommendation made through the hon. member for Vancouver Centre (Mr. Mackenzie), the minister from British Columbia in this government; prior to the time that a recommendation for the construction of the road was made to the government and accepted, the Consolidated Mining and Smelting Company had never said one word to me, orally or by letter, asking for the building of that road. Since then they have and they have been anxious to have it continued. I am glad that the Consolidated Mining and Smelting Company are there.

It will be remembered that in the session of 1936 applications were made by the two railway companies to obtain permission to build a railroad into the Rouyn district of

northern Quebec. As the hon. gentleman behind me knows, the people in that district had been trying for years without success, perhaps as long as the people in the Peace River district, to obtain transportation facilities. As soon as it was shown that there were mining possibilities in the section, there was no more difficulty in obtaining the construction of a railroad. Both railway companies were anxious to build and vied with each other for the privilege of serving the people in the Rouyn district. Although I have nothing upon which to base a hope, I am hoping that before long one of the great railway companies, at least the one that is directly interested in the Consolidated Mining and Smelting Company, will see its way clear to commence negotiations for the acquisition of the Pacific Great Eastern railway and its extension into the Peace River district. My hope is based upon the success which has attended the efforts of this government to develop that northern country.

While this roadwork has been going on, another thing has taken place. I mentioned the Canadian National Railways branch from Jasper to Prince Rupert. That branch has always run in the red; it is still running in the red; but its operating income has increased very materially in the last two years due to the mining operations that have taken place in the Omineca country following the expenditure of these few thousands of dollars. I know that the leaders in the Monkman pass association will not thank the hon. member for Peace River for the manner in which he has brought this matter to the attention of the committee. I know the hon. member is a member of that association, of which I had the honour of becoming a member in the last thirty days.

I am proud to be a member of that association and I want to compliment its members upon the way they have gone about their work. However, I do not think I need tell hon. members that there are other men and women in other areas who should be considered. Let us deal in facts. A road cannot be built into the Peace River country for a few thousand dollars. Such a thing is utterly impossible. To build a highway through the Monkman pass or by any other route will cost over a million dollars. It is easy to say there are no bridges to be built, but how are you going to cross the Fraser and some of the other rivers? The same thing is true of the other routes, which will cost more than the Monkman route. The Monkman pass route cannot be built for less than a million dollars.

I do not want to detain the committee any longer except to say that I am not opposed to the construction of the Monkman pass highway if funds can be secured. However, I am most bitterly opposed to those who are throwing cold water upon the efforts of this government based upon the recommendations, largely of myself and the minister from British Columbia, to develop the resources of the north country. I ask the hon. member for Peace River, as I asked those who are concerned directly with the association organized to bring about the construction of the Monkman pass road: In order to make certain that you have a short route over which automobiles can travel from the grain growing section of the Peace River district of Alberta to the Cariboo highway, are you going to sacrifice the interests of those people who live contiguous to the Peace river? Are you going to sacrifice the interests of nine-tenths of the people in the Peace River block of British Columbia who want another outlet and who want their country developed? What are you going to do with the people at Fort St. John and Hudson Hope? What are you going to do with the people who live all along the Peace river?

It has been said that a road by any route other than the Monkman pass would be longer. Last year the hon. member said it would be six hundred miles longer, but that is just a flight of his imagination. It is not anything like six hundred miles in its entire length, let alone being six hundred miles longer than any other route. The people at Fort St. John are just as much entitled to an outlet as the people at Grande Prairie, and I say this without having anything against the people in that community. When you are estimating distances, where should they be estimated from? Why choose Grande Prairie rather than Fort St. John? Why choose Grande Prairie rather than Hudson Hope? Why choose one point rather than another? If you are estimating the distance from an area to an important point, say Vancouver or Prince Rupert, you must take some central point in the area.

Mr. BENNETT: As I understand it, it was not proposed that this would be a solution of the transportation difficulty. It provided only a temporary outlet for a given population in a given area. My support was directed to it entirely on that assumption.

Mr. TURGEON: I appreciate that. I am glad the right hon. gentleman mentioned that and, with his permission, I should like to ask a question. He has had serious responsibilities placed upon him. For five years he was Prime Minister of this country, and he knows, of course, of the crying need and the

necessity for an outlet of some kind for the people of the Peace River country. I would ask the right hon. gentleman this question: If without further consideration a government of which he was the head built a highway over the Monkman pass, would there be any use whatever for myself or anybody else to go to his government again and ask for another outlet from the Peace River to the coast? There would not be. That is the trouble.

I fully recognize and appreciate the feelings of the right hon. gentleman in this regard. Of course it is all right to say that this is just a temporary thing; it is all right to say that the idea is to give them an outlet, but the minute we give the people of the Peace River country one outlet they will never get another. There is no question about that. Therefore we must be careful in our decision as to what outlet we may give them. Therefore I say it is the supreme duty of the government concerned with that project, and especially the minister from British Columbia, to do just what he has been doing, namely to help in the development of the natural resources of that great north country. I know the people in that area have given a great deal. As I have pointed out to the Prime Minister and to other ministers, they have given so much that they have almost lost faith in the institution of government. I have asked this government—and to a limited extent they have acceded to my request—to do something not only for Omineca pass, but for the whole outlet, so that the thousands of people who live in the north country will regain their faith in man and in the institution of government. I have asked for that, and I hope their day is coming.

I was about to say, when the right hon. gentleman asked his question, that within the next few weeks—if they have not already started—a company will be drilling for oil in the Peace River district in Alberta, right outside the British Columbia town of Pouce Coupe. I am inclined to think they will be successful and will secure oil and gas—certainly gas, if not oil. If that takes place, all the conditions surrounding the question of Monkman pass will have changed. If those resources are found, a great natural resource will have been discovered, one which would be well worth tapping. But even if they do not succeed there are, in addition to the other natural material resources I mentioned, two known structures where, according to geologists, oil and gas are most likely to be found. Those structures have never been touched, and nobody knows actually whether or not oil and gas are there. Geologists go so far as to say that they are. These two gas and oil structures are in the south western portion of the Peace River block, contiguous again to Hudson Hope.

It is not my fault if most of those natural resources, other than cattle and grain, are in that part of the Peace River district. I did not put them there. I am simply trying to bring to the attention of the committee the fact that they are there, and to see that whatever can be done by governments is done, so that those resources may be properly developed. That is all I am trying to do, and that is all that need be done. As I pointed out in the beginning, almost every dollar spent in the construction of the Monkman pass highway, if undertaken, and every other highway in that section of the country, would be over my constituency.

I have been in the house for a long time. Before making his attack last year, certainly before making it to-day, and before trying to tie it up with the requirements and the necessities of a great mining company, I suggest the hon. member might have spoken to me, and ascertained whether or not we could get together. If what he had in mind was not a grievance against the government but simply the desire for construction, and if that desire could have been accomplished by a thorough knowledge of conditions, then I suggest the hon. member should have discussed the matter with me with a view to seeing whether or not we could get together and give relief to the people in the Rio Grande valley, Grande Prairie and in other parts of the Peace River district of Alberta. He should have ascertained whether or not by getting together we could help to get them the relief of which they are deserving, just as deserving as the people in the Omineca country, at Finlay Forks or at Hudson Hope.

I take my seat now in the hope that acrimony will be dissipated; that all bitterness may be dispelled, and that this government will continue to develop the resources and make surveys such as I have requested them to make. I have requested that the mining road through the Omineca country be continued, and that in the meantime a thorough observational survey, having regard to the natural resources, and all matters to which consideration should be given, be made. I do not refer to a survey costing thousands of dollars. My request is for an observational survey which would be done in addition to developing the natural resources of the country. The best route would be decided upon, and then this government and the government of British Columbia, if they worked

together—if they do not work together this government should proceed to provide the necessary expenditure of between one and two million dollars—could build that highway out of the Peace River district to the settled portions of British Columbia, thereby giving the district the transportation system it deserves.

Mr. PELLETIER: I was not aware that parliamentary practice required the people to act behind the scenes in order to accomplish anything; otherwise I might have spoken to the hon. member. What he has said this evening is simply a reflection of the thoughts I have respecting the Peace River country. True, there are vast resources in the north country; true, we need a coast outlet. I have said so, and I shall continue to say so. I shall not say it behind anybody's back, but shall say it right here on the floor of the House of Commons, and keep on saying it.

I mentioned the project to the Minister of Labour, because the measure before the committee is sponsored by him. These are not the estimates of the Department of Mines and Resources. When the time comes to deal with the estimates of the Department of Mines and Resources I shall have something to say on the matter, and I shall say quite frankly and fearlessly that I am not looking for praise from the hon. member for Cariboo, or from any other hon. member. I am looking only for justice.

I am satisfied with these few remarks to leave the case to those who know it best in the Peace River country; I feel definitely that they are in a position to judge. I am not interested in praise, or anything of that kind, but I am interested in a definite statement from the Minister of Labour. That is all we want. We have been receiving promises since 1930; we have listened to patriotic pledges; we have listened to platform speeches, but that stuff does not go any more. We want to have an answer. We would like to know what can be done about it. I am interested more in a statement from the Minister of Labour than in the praise of the hon. member for Cariboo.

Mr. TURGEON: I should like to point out that when the hon. member who has just taken his seat spoke in this house on April 6, 1937, he said:

> I have made inquiries in the matter and I have found that the idea of attempting to fulfil the promise by building a coast outlet was allegedly begun last year through certain grants. They have attempted to provide a coast outlet by building a road—

The hon. member said that he had been making inquiries last year and found the first effort to carry out a promise.

[Mr. Turgeon.]

Mr. HEAPS: If you do not mind, Mr. Chairman, I shall try to deal with clause three. We have had a long discussion on the Peace River outlet, and while I am very much interested in the Peace River country and the building of a road through Monkman pass, and in many other matters discussed by the two previous speakers, the unemployment problem, extending as it does from the Atlantic to the Pacific, is, I think, a little larger than the question of the Peace River country.

The reason I wish to say a word or two is that the minister seems to have developed in the last session or two, a very wise habit of saying as little as possible, which is an exceedingly prudent attitude for a minister who is trying to get his legislation through the house to adopt. But we are thirsting for information. While the newspapers seem to be able sometimes to make intelligent guesses as to the intentions of the government along certain lines, we in the house are unable to obtain any information whatsoever. For some time past it has been stated in the press, for example, that the government intends spending $40,000,000 on public works projects. I do not know whether that is correct or not, and while the minister may inform the committee that the proper time to discuss that aspect of the question is when the estimates are before the committee of supply, I think when we are discussing unemployment and the methods to be adopted for relieving it we might well have a statement from the minister in regard to the policy of the government. It is all very well for the minister to inform the committee that he is following precedent or the action of the previous government, but really I do not think the present government ought to follow in the footsteps of its predecessor because we well remember what happened to the previous government in 1935. So I should think it was a risky policy when the policy of the present government follows exactly the course taken by the previous one. I should like this government to go the previous government one better. I would ask the minister to state frankly to the committee what program the government has in view for dealing with this problem of unemployment.

I think it is well to point out to the committee that this unemployment problem has been with us for the past eight years, during which time we have had three governments in power. In 1929 we had the commencement of what we might call the unemployment situation which is still with us. In 1930 the present government dissolved parliament, and we know what the result of the election of

1930 was. Another government came into power and stayed in power until 1935. Then, from 1935 to 1938 we have had another government in power, and yet the position in regard to unemployment is exactly the same to-day, in 1938, as it was in 1930. In other words, I would ask the Minister of Labour and the Prime Minister if we have made any progress towards solving the problem of unemployment when we are still doing in 1938 what we were doing in 1930 and onwards. What we are doing to-day is simply to grant relief to those who are out of work, and probably evolving a scheme of public works.

Mr. MARTIN: We have recognized the youth problem and have done something about it, though not enough.

Mr. HEAPS: The government have recognized the youth problem, but the fact that they have recognized a problem does not indicate that they have solved it.

Mr. MARTIN: I did not say they had. I said they had recognized the problem and had begun to do something about it, but not enough.

Mr. HEAPS: They have recognized the problem and are doing something about it, I admit, but what they are doing is training youth for positions that do not exist. That is the important point.

I am anxious for the government to leave the old methods that we have followed for a number of years and to do something more fundamental and constructive. I have been urging that upon the government now for a number of years. While I acquiesce in the policy of relief and in the policy of building public works to alleviate the unemployment situation, I think everybody in the house is agreed that neither of these two methods of dealing with the unemployment problem is in any way a solution of it.

I wish hon. members would speak as frankly and openly in the house as they do when they speak privately. I am not directing my remarks at anyone in particular. The hon. member for Huron North (Mr. Deachman) said this afternoon that he would like the government to come out with a definite policy for meeting the unemployment situation, but evidently the government are not anxious or are not in a position to do so. Possibly they have no policy.

I think when we are discussing in this chamber this problem of unemployment and its implications, we sometimes treat the whole question a little too lightly. We have unemployed in this country to-day to the number, I believe, of 400,000, and if that is the case—and I do not believe I am overstating it—it is a tremendous problem from the standpoint of the industrial population. When this government came into power in 1935 they came into power on what one might call a rising tide of industrial recovery. We were in a period of improving times, just as in 1930 industrial production was on the decline. This matter cuts right across government activities because, if you take the last few years, we find that when the government left office in 1930 we were in a decline so far as industrial production was concerned, which decline continued until we reached the bottom, about 1932, and from 1932 or 1933 until 1937 we were on a rising tide of industrial recovery, with improvement continuing all those years. In 1937 we again reached probably the peak of industrial development, and we are now on the decline again.

Are we going to say in this house that we are going to be dependent upon what is done in the United States? Are we going to be told that if the United States spends a few more billions of dollars we in Canada may reap some benefit from what is being done in other parts of the world; that if Great Britain spends billions of dollars for armaments, some of which may be manufactured in this country, we may derive some benefit from her expenditures? Do you not think, Mr. Chairman, that the right and logical thing for us to do in this country is for the government to give us a policy of its own, distinct and apart altogether from anything that is being done by any other government outside this dominion? I am anxiously looking for the government to give its policy to the house. It was all right when they came into office in 1935, in a period of expanding trade, to say: We will depend upon foreign markets and trade treaties to improve economic conditions in this dominion. But now the position is reversed; we are in a decline, and I would ask the government at this stage to come forward and give us a definite policy of what they are going to do in regard to the whole unemployment situation. I think it is most unsatisfactory, after we have had an unemployment problem for eight years, still to think in the eighth year of the depression that we are going to cure unemployment by giving relief to those who are out of work and occasionally providing a scheme of public works projects, such as public buildings, and so forth.

The minister told us this afternoon, if I heard him correctly, that so far as public works projects were concerned, what the government had in mind was public works projects having to do with conservation.

Mr. ROGERS: Conservation and development.

Mr. HEAPS: Yes, but I should have liked the minister to state to the committee that the projects the government was interested in went far beyond conservation projects. For many years there has been advocated from all sides of the house a comprehensive housing scheme.

Mr. ROGERS: I think this would certainly be a measure of conservation and might very well be included in such a program.

Mr. HEAPS: Can I take it from the minister that in the measures of conservation he referred to this afternoon he had under consideration the question of a dominion-wide, low cost rental housing scheme?

Mr. ROGERS: I have already told the committee that the whole question of low cost or low rental housing is receiving very careful consideration. I believe the Minister of Finance has made a similar statement. As I said before, I am certainly not in a position to announce such a policy at this time. That would require a bill or an amendment to existing legislation.

Mr. HEAPS: Yes. The Minister of Finance stated this afternoon that if the government were to consider favourably a dominion housing scheme, it would require separate legislation apart from the legislation we are considering at the present time. But while I should like the government to proceed with a housing scheme, I believe that in dealing with the problem of unemployment we have to go even beyond public works projects, and I think the government as yet has no definite policy in hand to meet the economic conditions which now prevail in the dominion.

Mr. MARTIN: The hon. member has said that he thought the government should go much beyond such projects as low cost or low rental housing. Personally I should be interested in knowing what the hon. member has in mind.

Mr. HEAPS: I have not the least objection to mentioning briefly what I have in mind. I have referred to these matters dozens and dozens of times in speeches I have made in this chamber. I should like to see the government take in hand the question of hours of labour, increased purchasing power for the masses of our people, so that wages are at a level—

Mr. MARTIN: How would the hon. member increase purchasing power?

[Mr. Heaps]

Mr. HEAPS: By seeing that wages were maintained at a fairly high level. I believe this could be done. I would see that we had minimum wages and that they were maintained at a high level. I would see that hours of labour were regulated, and I would be in favour of having a fairly low maximum working week so that we could absorb in useful productive industry many of the people who are out of work at the present time. I would be in favour of reducing the pensionable age. I would favour following to a very large extent the policies which have been carried out, I think fairly successfully, by the government of New Zealand. While we in Canada are finding difficulty in carrying out many projects we should like to see carried out, in New Zealand the government is capable of doing what we say here is impossible of achievement. While we talk about the difficulty of maintaining old age pensions even at seventy, in New Zealand the age limit is reduced to sixty-five and may go down to sixty years of age. Other parts of the empire provide pensions for old age. I should like to see our people at sixty years of age taken out of industry and allow the youth of the country an opportunity to be employed in some useful capacity in the economic life of Canada. I could enumerate many other things which the government could do or which, if it became interested, it could investigate with a view of making them part of the economic life of the dominion. Evidently, however, the government is not interested in the suggestions to which I have referred.

Mr. WARREN: Can the hon. member suggest, with, say a five day week and a six hour day, and a high rate of wages in industry, how anybody could be kept working on the farms?

Mr. HEAPS: Yes. I should like to see the condition of the farmer improved as well. In New Zealand, where some of the reforms I have mentioned have been put into effect, nobody is very anxious to leave the farm and come into the industrial areas. They try to maintain on the farms the same economic levels as apply in the industrial sections.

Mr. BENNETT: They have no industrial life worth speaking of in New Zealand.

Mr. ROGERS: Very little industrial life.

Mr. HEAPS: I would say there is a fair percentage.

Mr. BENNETT: Practically none at all.

Mr. HEAPS: Then, if there is no industrial life, the question my hon. friend asked is more

easily answered perhaps by the Prime Minister than by myself. I would point out that New Zealand has a labour government which was determined to bring about these social and economic changes. I should like to see the government, and particularly the Minister of Labour, who I am sure is interested in these social problems, go a good deal beyond where he has gone so far during the past three sessions. Personally I am much disappointed at the little progress which the government has even attempted to make in dealing with unemployment. The session following this one will probably be the last of this parliament, and I do not wish to see the house become busy all of a sudden next year attempting to pass, on the eve of an election, legislation which might be looked upon as advanced social legislation. I would sooner have it this year than next. I do not care to see projects of public relief work postponed to the eve of an election. If they are to be started, let them be started right away, because a great many people who need them are out of work at the present time. But what I wish to emphasize more than anything else, and the reason I rose to take part in the debate at this juncture, is that I feel the government ought to enunciate a policy which will give a little hope and encouragement to the vast number of people who are out of work.

Mr. GREEN: Has the government done anything to modernize or to extend the Employment Service of Canada? In reading the report of the national employment commission I was struck by the emphasis they place on the need for a better employment service in Canada. Apparently that is also the viewpoint of the different provinces. The report shows further that the commission have been stressing this need with the government ever since August, 1936. In the interim report dated July 21, 1937, we find at page 17 these words:

> Early in the commission's investigation it became evident that the first and most vital step necessary to the successful handling of employment, re-employment and aid administration problems is the development of more efficient employment services throughout Canada. The present provincial employment services are in practice unfitted to meet the exigencies of the situation.

Then we find in the final report made in January of this year that even stronger language is used at page 15 dealing with the machinery to carry out recommendations summarized in the interim report:

> The requirement here, as pointed out on page 19 of the interim report, is the prompt modernization and extension of the Employment Service of Canada, this with a view to a better linking together of employer and employee; to providing focal points for attacks on local employment problems, and as a means of gauging the relative degree of employability of those in receipt of aid. In discussions which the commission has had in recent months, general agreement has been expressed by all provincial governments—

Which seems strange.

> —as to the unsuitability of the existing set-up, and of the restricted services, of the provincial employment services in fulfilling these vital functions.

My understanding is that the provincial governments operate the service, but they are subsidized by the dominion.

Then the recommendation goes on:

> The commission wishes to emphasize the urgency for action. It recommends that the service be placed immediately under the direction of the dominion government, both as to controlling principles and broad policies, but with provision for the appointment of strong regional directors, and regional advisory councils, to whom certain decentralized powers would be given, so as to ensure adequate weight being accorded, and attention being paid, to the problems peculiar to particular regions. The success of any nation-wide program of local plans developed in order to disperse the remaining problem is undoubtedly dependent upon such reorganization.

I understood from what the minister said, in discussing the resolution which preceded this bill, that he was not prepared to accept this recommendation at the present time. Would it not be possible, at least, to improve the situation at the present time by arranging with the provinces for these advisory committees to be set up in each province to aid the provincial employment agencies, and would it not be possible also to strengthen the employment agencies by a larger subsidy from the dominion? It does seem to me that there is need for better employment agencies in Canada. Surely this government could do something at the present time to meet the need at least in part.

Mr. ROGERS: This question of the Employment Service of Canada is one that has been discussed before in this chamber. As my hon. friend may recall, I dealt with it at some length during the discussion of the resolution preceding the bill. The national employment commission did recommend that the Employment Service of Canada should be brought under national direction and control, and the suggestion was that by being so brought under national direction and control that service would be improved and modernized. I did not hesitate to say to the house some time ago that I fully agreed with the desirability of improving the Employment Service of Canada, but that I did not agree

it was desirable that that service should be taken over piecemeal; in other words, I did not believe that it would serve to create efficiency in the employment service, having regard to the task confronting it, to take over the employment service in Alberta, Saskatchewan and Manitoba, and establish it as a national service in those provinces, leaving the service as it now is in the remaining provinces.

Despite the phrase quoted by my hon. friend a moment ago to the effect that the provincial governments agreed as to the unsuitability of the existing service, I am in a position to say that the provincial governments generally did not agree and do not now agree that the service should be taken over as a dominion service. That is particularly true of the more highly industrialized provinces of the dominion. The provinces that are willing to have the dominion take over the service are the provinces where the service is of the least importance; the provinces that are most unwilling for the dominion to take it over are the more highly industrialized provinces. I did suggest when the matter was under discussion before, and I think it is a correct view, that in the long run it would not be sound policy to have a national employment service in three, or four, or five provinces, and to have the existing system perpetuated in the remaining provinces.

I also mentioned, when the matter was under discussion before, that if and when we were able to proceed with unemployment insurance, the problem would be solved in the most effective way, because through unemployment insurance you have to set up, as a necessary part of the organization, employment offices in all the large centres of population, and those employment offices, by reason of their very continuing relationship with industry, would be in a position to render service superior to that of any provincial service, if, indeed, under those conditions a provincial service would be maintained.

That is the situation with regard to the Employment Service of Canada at the present time. I agree that if we are not able to change the situation immediately, there is much to be said for the improvement and modernization of the service. I am not prepared to say that the provinces, which themselves have expressed the view that the service does need improvement, are not in a position themselves to provide that improvement. In other words, I would not go so far as to say that improvement, particularly in the large industrial provinces, is contingent upon a larger contribution from the dominion government. As a matter of fact, the contribution of the dominion government to the Employment Service of Canada does not run very much above twenty per cent of the total cost. Our contribution is $150,000 a year. The service is not an expensive one at the present time, and it could be improved in a number of provinces without a very great increase in expenditure.

If I might refer briefly to the points raised by my hon. friend from Winnipeg North, I would assure him and the committee generally that with respect to any program to deal with unemployment, I have given to the press no information which has been withheld from the house. Any stories that have appeared in the press have been speculative. There should not be and there will not be any official announcement of expenditure in relation to unemployment in advance of the submission of the supplementary estimates to the house. My hon. friend may say that I should at this time at least give an outline of what we propose to do in relation to unemployment. I think it not unreasonable to suggest to him that he might read the supplementary estimates of the Department of Labour and of other departments in the two preceding years. He will find there that provision has been made in a number of directions to deal with unemployment and agricultural distress. There have been grants in aid to the provinces. As he has said, that simply provides sustenance during a period of urgent need. There is also provision for works to be done jointly with the provinces. There was provision last year for training projects for unemployed young people, and there has been provision for relief settlement or what might be termed agricultural rehabilitation. There also has been provision in the Department of Agriculture for assistance to farmers in connection with feed and fodder. He will find that in those items in the estimates under the Department of Labour and the Department of Agriculture, regardless of whether the emphasis or the extent of assistance has been as great as he would wish, we have at least been proceeding along the lines of proved experience, and we have been touching this problem at the very points where it has been touched by unemployment policies in other countries.

We have lacked here—and I regret it—what exists in other countries, namely, an unemployment insurance statute, which after all enables a country to set up a statutory method and to establish an organization to deal with the problem as it may vary from one area to another or from one period to another. In other words, with unemployment insurance you at least have a flexible organization to deal with what may be a changing

situation with respect to unemployment. But this government has sought so to arrange its fiscal policies and its assistance to industry in other directions as to assist towards greater collateral and ultimate employment.

I do not wish now to retrace ground I covered during the discussion of the resolution; but I think my hon. friend will at least agree that the policies pursued by this government with respect to the stimulus to the mining industry, and the gaining of foreign markets for our produce, have been policies with which he is in entire accord, and which certainly, in their successful working, have provided additional employment in Canada. There is no question about that; the figures prove it beyond contradiction. So that, although my hon. friend is perfectly entitled to say that we have not done enough in this direction, or perhaps too much in that direction, as far as the policies themselves are concerned, I would be interested to know from him in what other directions we may proceed than expansion of trade, stimulation of private industry, rural rehabilitation, public works on a limited scale, provision through direct relief for those who are actually in need, and, in addition training schemes which we trust will ultimately lead to the reestablishment of many of those in the lower age groups who are now unemployed. These after all are policies which experience has approved, and I submit that criticism should be directed rather to the application of the policies than to their merits.

Mr. MacINNIS: In the light of present day developments, does the minister think the policies which he has outlined, supposing we admit that they have been effective in some measure, touch the fundamentals of the unemployment problem?

Mr. ROGERS: As to what the fundamentals of the unemployment problem are, this house might debate for many days without reaching any common conclusion. I find myself largely in agreement with some things said this afternoon by the hon. member for Huron North (Mr. Deachman). If we can employ our fiscal policies in this country so as to lighten the burdens on the agricultural industry particularly, that would be a move in the right direction. I believe something may very usefully be done in the direction of conservation and development works to improve the assets of the country and lead ultimately, one may hope, to greater employment in that direction. Expanding trade, gaining foreign markets through trade agreements, is most certainly a means of providing additional employment. But I shall not deceive my hon. friend with the thought that as far as I am concerned I have any faith that there is any single solution. I believe we have something to learn in connection with control of credit. No one can reasonably say that with respect to that matter we have learned all that there is to be learned. We are living in a progressive society. But in all these things we must move forward step by step, making sure of our way as we go. There is no single panacea. I have before me the report of the international labour office on unemployment. It relates to all countries which are members of the international labour office, and all of them are suffering from unemployment. I suppose if one took the various devices and plans adopted in all these countries and put them together, it would include every suggestion put forward in this chamber in this and the preceding two years; yet unemployment continues in greater or less measure in these countries. And it must be remembered that in this country there has always been seasonal unemployment. In 1929, when we thought we were at the peak of prosperity, there were about 150,000 people reported by the bureau of statistics as unemployed during the winter months.

Mr. BENNETT: That is at the seasonal height.

Mr. ROGERS: Yes; but in 1929 we thought we were prosperous; yet there were about 150,000 unemployed. They were not on relief—

Mr. HEAPS: They did not require it.

Mr. BENNETT: Their savings enabled them to live.

Mr. ROGERS: Exactly. And they were moving from one seasonal occupation to another. I think it is true that the people of this country in the lowest income group, taken by and large, are better cared for than they have been at any previous period in our history. We should recognize that. My hon friends may well say that here and there relief allowances are not what they ought to be, but one cannot draw conclusions from individual cases of that kind.

Mr. MacINNIS: Is that not a strong indictment of the system under which we live?

Mr. ROGERS: Well, I wonder if it is. What is happening is that we have been providing what my hon. friends would term a measure of social security, in an improvised and perhaps haphazard way during the past few years. I am far from suggesting that it is satisfactory; I agree absolutely with what has been said in this chamber, that we ought to look to employment as the real solution.

But the experience of all the countries, members of the international labour office, does not suggest that we are likely to be able to absorb all who are at present unemployed unless there is a very marked improvement in economic conditions. During the last few years this country has had a large portion of its agricultural area out of production. It is difficult to measure the effect of that upon our economy. I doubt whether we can measure it until that agricultural area has come back into production. When it does, as we all hope it soon will, I believe we shall find that the unemployment properly so-called which now exists in western Canada will be materially reduced, if it does not entirely disappear. I am now speaking not of unemployables but of those in the larger cities of western Canada who are out of employment. In the last few years the whole economy of western Canada has been thrown out of adjustment by the fact that a large part of the potentially productive area of that section of the country has not been producing.

Mr. WOOD: The remarks of the hon. member for Winnipeg North (Mr. Heaps) impel me to offer some contribution in this debate. First, I wish to express my appreciation to the Minister of Labour (Mr. Rogers) for his splendid explanation and his defence of his department. I often marvel at his patience and the careful way in which he listens to all the criticisms; he must have a very gracious disposition to take it with such good nature. But it is fitting that he should take this opportunity of defending the department of which he has the honour to be the head.

The remarks and suggestions of the hon. member for Winnipeg North regarding the solution of our problems were extremely interesting. I congratulate him; whether they were sound or otherwise, he did at least to the best of his ability offer suggestions for the approach to these problems. But, as the hon. member for Renfrew North (Mr. Warren) remarked, I do not see how the high level of wages that the hon. member advocates could solve our problems, because after all in Canada the agriculturists are the greatest consuming group. How are you going to harmonize high wages with low cost of goods, so that the purchasing power of the agriculturists will be in reasonable balance with that of industry? These are some of the difficulties we have to face. You cannot have your cake and eat it too. There must be a reasonable exchange of services among the different elements of society. I am inclined to the view that many of our difficulties are traceable to the fact that we have been giving too large a reward for the labour of those who live in the industrial centres, and thus curtailed the purchasing power of the greatest consumers of their goods in this country. Thereby we have aggravated a situation that has been responsible to a great extent for bringing about the condition of affairs which exists. We have created a magnetic influence upon the farmer boys to attract them into the cities to obtain the higher wages and live under higher standards. All this has been done more or less at the sacrifice of the agricultural industry.

If the Minister of Labour will permit me, I should like to take this opportunity to offer a suggestion. I do not claim to be an economist in the general sense of the word, but I do claim to have at least a reasonable amount of common sense. I do not see how it will be possible to accept the many recommendations made by hon. members opposite without finding some source from which these things can come.

Mr. KUHL: Source of money.

Mr. WOOD: Yes, source of money. I have never been able to get money except in exchange for services. In my experience of life I have never discovered any other way of getting money. It is true that I may have established a certain amount of credit after living in a community for a period of years, but I am sufficiently jealous of that credit to be anxious about making use of it too elaborately for fear that I may live to reap the whirlwind as a result of my folly.

Mr. KUHL: Where did the banks get their money?

Mr. WOOD: From people like you and me who have been sufficiently frugal to live within our means and have a little left over.

Mr. KUHL: How much money is there in the whole of Canada?

Mr. WOOD: I shall not attempt to match wits with hon. members of the social credit group. They might carry me into that state of coma in which they are themselves and I might not come out.

Considerable credit has been given to the government for initiating a youth training program. I hope there have been some results from this program, but I must say that I do not believe it is incumbent upon the state to train the youth of the country. After all, we as parents should have some obligations in the matter. The tendency is to ask governments to do many of the things which I think could be better done by ourselves. I do not want to imply for one moment that I

am against academic training. Unfortunately I did not have an opportunity of obtaining that particular kind of training, but I have noticed that many of the prominent men in this country and the United States are in a similar position. I would direct attention to the fact that Mr. Farrell, the head of the United States Steel Corporation, the heads of the Standard Oil companies and many other leaders of industry were poor boys who were raised on the farm. Many of them were not blessed with an abundance of this world's goods and had received only a limited public school education. But they have risen to be masters in their own particular line. I would also direct attention to the fact that many of the members who sit on the ministerial benches have risen to their present positions without the benefit of a great deal of academic training. Even without that training they have been able to come a long way in this world. I do not expect as much from this youth training as others seem to do, but I have no particular objection to it.

I was glad to hear the minister make a reference to unemployment insurance. When that plan is brought down I hope the farmer will be kept in mind, because after all he represents a large portion of the population of Canada. I hope that measure will provide some benefits for the agricultural worker. I do not think the citizens living in our industrial centres should be the only ones who are to be protected from unemployment, who are to be given the means of weathering the storms of our economic difficulties.

I think we must all admit that our attempts to solve the unemployment problem have not been as successful as we hoped they would be. I wonder if it would not be better for the government to subsidize employment instead of unemployment. We are paying out relief funds to those who are in the unfortunate position of being unemployed without getting any value in return. I do not think we can continue to do that without reaching financial disaster. I am inclined to the view that we should subsidize industry. I shall not suggest what this subsidy should be, but for the sake of argument I would suggest that some pump-priming, to use that term, should be done.

Mr. KUHL: Where will you get the money?

Mr. WOOD: I do not know whether that will suit our social crediters.

Mr. KUHL: It all depends upon where you get the money.

Mr. WOOD: We shall come to that later. I can show you how you will get it back. I believe too much pump-priming of a sort has been done. We have been trying to prime the pump without working the handle, and I think we should start now to work the handle to see if we cannot get back some of the water. During this last year industry has enjoyed a fairly good period of prosperity. Most industries have expanded; but the unfortunate thing is that industry has increased prices and has reduced the purchasing power of the consumer, especially in the United States, to such an extent as to bring about another recession. More than anything else, this has been the cause of the recent recession. Industry has taken advantage of the present situation and has increased prices to such an extent as to reduce the purchasing power of the people. The result has been another recession and increased unemployment. It will be noticed that when it rains in the United States, it is generally cloudy in Canada. Canada has not been affected to the same extent. According to the last returns I saw, the decrease in trade in the United States amounted to 26 per cent, whereas the decrease in Canada amounted to only around 6 per cent.

How can we increase employment? In view of the fact that in the last year industry has enjoyed prosperity, I believe men engaged in industry are in a reasonably sound financial position, and if they were given the right to distribute certain government funds we might get results by way of a solution of some relief problems, and might obtain more in this way than by handing out moneys in direct relief. I would suggest a survey of all industries, asking them to increase employment. So that hon. members may follow my observations, I shall use the unit of five per cent as indicating the desired increase in employment. We would pay the relief moneys to the experienced men who would be taken on. We would consider the agricultural implement business, for instance, as one of the basic industries. I mention that industry because the customers of it are the farmers, those people engaged in our primary industry. The government would subsidize purchases from the agricultural implement firm to the extent of twenty per cent. When the firm received an order from a farmer the purchase would be subsidized to that extent, on condition that the industry would reduce the price by a similar amount as the increased demand for goods would have a tendency to lower cost of production in industry. The scheme may look somewhat far-fetched, but I believe it is workable.

Then, along another line, we know that many buildings in Canada are greatly in need

of paint. If the same scheme were applied to paint companies, a great many men would be employed and at the same time we would be protecting national wealth. The same scheme could be applied to the textile industry, through the distribution of clothing. Furniture companies could benefit in the same way. I should be inclined to extend the scheme for a period of time to every young married couple, giving them the advantage of the subsidy in setting up their homes. The housing problem, the forestry problem, and all other problems which have been pointed out could work in conjunction with the scheme I have in mind. Then, I trust the minister will not overlook the extension of farm credits, because I believe a great deal more can be done along the line of extending credit to farmers, and especially to those farmers who have sons. The farm loan board would be well advised to give a little extra credit to the farmer who wishes to place his sons on farms. The family could be organized into a unit to work together. In my view it is much better to keep on the farm those boys who are already there, because the farmer who has come from the city has proved to be a failure. I hold the view that after the boy leaves the farm and goes to a city, there is not much chance for his ever becoming a successful farmer. For these reasons it would be wise to try to keep him on the farm.

As a consequence of the pump-priming scheme I have suggested, and after the return of greater prosperity, we would introduce a general welfare act. In the operation of the act there would be an assessment on every man's pay, which would be held out as payment for his own social security when he reaches an age when he cannot work. That, in itself, would relieve the burden of taxation upon land and buildings which to-day is militating against the building trades. Because of the extreme taxes people are reluctant to erect new buildings. The time has come when, no matter what station in life a man may hold, it is his duty to contribute, according to his ability, to his own general welfare, and I would suggest that when the minister brings down his unemployment insurance scheme he keep that fact in mind. I would suggest that such a measure include every man, whether he be on the farm or whether he be a labourer. A general welfare act would include farmers as well as labourers. From experience I have learned that a system of insurance equivalent to an old age pension would give security to those people who have reached the end of their working period, and would place them in a position whereby they could live along the standards to which they are entitled. To-day they may have their living, but that is about all.

On the statute books of Canada to-day there is a Government Annuities Act. Any young person who will contribute $20.62 yearly, from the age of twenty-one years, may, at the age of sixty-five years, have the equivalent of an old age pension. In the event of his death before the required age, all the money he has paid in, plus four per cent, will be returned. It would be impossible to have an unemployment insurance scheme which would give the proper treatment to the farmer; but by incorporating the Government Annuities Act in the social security plan I have outlined, the benefits would be extended to each and every citizen. I feel the time has come when, no matter what one's circumstances in life may be, it is necessary for the government to legislate for each and every one so that we may all go abreast, share in one another's joys and in one another's sorrows.

I remember that while I was a boy the insurance scheme was brought into existence in England, and I am sure there was great hostility shown towards it. I believe that was probably the beginning of my interest in public affairs. I read with a great deal of interest the observations made by Mr. David Lloyd George in connection with the insurance bill. He was then Chancellor of the Exchequer under the able leadership of Mr. Campbell-Bannerman. It was at that time he introduced the insurance measure, and the famous Lloyd George budget, at a time when industry in England would scarcely tolerate the suggestion of an insurance scheme. I believe hon. members will agree that nothing has contributed more to hold the people of Great Britain together than has the scheme of unemployment insurance brought down at that time despite the greatest opposition and hostility. I am not suggesting the figures I have indicated to-night are actuarially correct; but it is my belief that if we are to have security, it is the duty of every man to make some contribution towards it. I believe that is sound social credit. The only difference is that you supply the medium from which you get the benefit, instead of getting the benefit and then, like Micawber, hoping something will turn up.

Mr. POOLE: How would the unemployed contribute?

Mr. WOOD: I have already dealt with that. We hope by good, sound judgment we can relieve the unemployment situation.

Mr. POOLE: How would the unemployed contribute?

Mr. WOOD: It is to be hoped that at some time in the future they will not always be unemployed.

Mr. POOLE: That is the hope they must live on.

Mr. WOOD: There are some people who are still pretty well employed. I rather enjoyed the remarks of the hon. member for Renfrew North (Mr. Warren) on Friday night last. I am of the opinion that it is not wholly the responsibility of government to go out and find jobs for people. If people would be a little more self-reliant they could assist themselves and assist the government. I am not so sure that it is the function of government to do some of the things we are doing. That is what I honestly believe.

Mr. POOLE: What are we doing?

Mr. WOOD: I think we may have done too much, and if we deleted statutes for the next two or three sessions it might be better than adding to them.

Mr. QUELCH: Would the hon. member agree with the hon. member for Huron North (Mr. Deachman) that industry is producing only to fifty per cent of its capacity and that if you could increase the effective demand of your people, conditions would be greatly improved?

Mr. WOOD: There is already a great demand for goods and services in this country. People need many things which industry can supply, and we have the men who can produce and supply them and the materials with which to make these goods. It is all a matter of confidence; but confidence has been destroyed more or less by reason of the fact that for the last few years in civilized countries people have been getting on soap boxes and trying to expound some kind of ism, instead of getting into the boat of life, taking hold of the oars and pulling their own weight in the boat. They would rather be a big shot in some ism than contribute something to help the old ship of state along.

I hope I have not taken too long, and I do not know that in my contribution to this debate I have made myself clear; but I should like to throw out the suggestion that if we are going to get back to prosperity, every man must do something to contribute to his own social security. True, there are difficulties to surmount; but I believe that if we can relieve the burden of taxation on industry and lands and buildings, industry will forge ahead. Certainly industry cannot continue to bear the burden it is bearing to-day. Industry is supporting itself and helping to support a large proportion of these people who ought to be contributing something towards the national wealth of this country.

While I believe with the Minister of Finance that Canadian people enjoy one of the highest standards of living in the civilized world, one of the difficulties under which we are labouring to-day is economic indigestion. Science and invention have flooded our civilization with so many of the luxuries of life that as a people we are often unable to resist accepting luxuries instead of being content with essentials, and a good deal of the product of our labour is ill spent. We are not putting it directly into the channels in which it will provide the necessities of life. We are spending a good deal of the product of our labours in luxuries instead of spending it upon the necessities of life, and that is responsible to a great extent for many of our present difficulties.

Mr. QUELCH: Would the hon. member say there is a scarcity of necessities?

Mr. WOOD: No; there is no scarcity of necessities, but there is a scarcity of intelligence in people who purchase luxuries instead of necessities.

In closing my remarks, I would say that I believe the people are expecting an honest attempt to approach these questions, and I congratulate the government upon appointing the commissions which have been condemned by our hon. friends opposite. But it is just as necessary in the field of science, I am led to believe, to ascertain that a thing cannot be done as that a thing can be done, and I believe that as a result of their labours we shall ascertain what it is possible to do and that we shall forge ahead, having found a place to put our feet on the ground, rather than blundering into some abyss. There is a tendency, as I have felt while listening to hon. members opposite, to want action for action's sake. The hon. member for Red Deer (Mr. Poole) in his contribution a couple of weeks ago said: "For heaven's sake do something." I cannot agree with that attitude. I think it is much better to know just where you are going than to take a leap in the dark just to do something, and those who are responsible to the Canadian people for the government of this country must be very cautious and not just do something that might bring about disaster.

Mr. GREEN: The minister did not deal with my suggestion that at least a portion of the report of the national employment commission might be implemented by arranging

with the provinces for honorary advisory committees to help the employment agencies in each province. The dominion is contributing quite a large sum towards supporting these agencies, and I think we should be able to arrange for the appointment of these committees, such as we had in connection with the home improvement plan and the veterans' assistance commission. I think they could help greatly in dealing with the placement of unemployed persons.

Mr. ROGERS: I assure my hon. friend that it was an unintentional oversight. I agree that it would be an advantage to have advisory committees attached to the employment service. They do exist, as a matter of fact, in some of the provinces, but it has been found in experience that to make them effective these committees have to be focused on some particular task. In other words, simply to set up an advisory committee to help the employment service has seldom been found to be helpful in practice; but if the committee could be concentrated on some particular task, then I think it might serve some real purpose. That was the real advantage of the special committee set up to deal with the home improvement plan. They were dealing with one particular job, and they did it. I shall certainly bear the suggestion in mind.

Mr. POOLE: I had not intended to say anything on this subject, but so many divergent views have been expressed that perhaps I might say a word. I was interested in hearing the hon. member for Cochrane (Mr. Bradette) the other day, give as a reason why we should not criticize the Liberal government too strongly, that ancient Rome had an unemployment problem. He asked us to go back into history. Perhaps he would like to have Julius Caesar as Prime Minister and Mark Antony as Minister of Finance. But civilization has progressed since the days of ancient Rome until the Liberal party came into power, and now things seem to be at a standstill.

The hon. member who spoke last (Mr. Wood) told us that unemployment could be solved; that it was up to the people who are unemployed. I wonder whether it is an epidemic of laziness that has afflicted this country. What was it that struck this dominion in 1929? Did many Canadians then decide to go on strike forever? The Minister of Labour has already told us that the solution of our problem is the expanding of trade, although the evidence in every part of the world shows the trend is towards contracting markets. I was also struck to-night by members of the Liberal party turning to members of the opposition and asking for suggestions. When the Liberal party were elected, surely they had some idea as to how they were going to solve this problem, or did they, as an hon. member who has just spoken seems to think, just come here to sit? That is all that has happened in the last three sessions. They still have the problem before them. I do not know why the Minister of Labour hides the government's policy. I do not know what there is to hide. As a representative of the Canadian people I should like to know what the policy of the government is to be during the coming year. There are still unemployed in this country; there is still a lot of work to do.

I might be asked, of course, where the money is to come from. The hon. member for Melfort (Mr. McLean) to-day told us that we could not operate with pen and ink money from the social crediters. May be the pen and ink money advocated by the Minister of National Defence (Mr. Mackenzie) will do. He suggested the issue of $500,000,000 new money to put people to work. That was not our suggestion. On this side of the house not one member has asked the government to do one thing outside of keeping the promises made by the Prime Minister in 1935. He recognized then the need for public works. His words are on record and have been quoted many times in this house. The Liberal party recognizes the need for money. The Minister of National Defence, when he spoke in Vancouver, made that quite clear. Why, he said, if the Liberal party were returned to power they would issue $500,000,000 of new money. But since we have come down here we are told that when social crediters propose using national credit, that is inflation. But it is not inflation if the Minister of National Defence proposes it. A lot depends upon the kind of ink you use, I guess.

Mr. McLEAN (Melfort): And what is back of the ink.

Mr. POOLE: Well, there is one thing behind that money; that is, the efforts of the people.

Mr. KUHL: Correct.

Mr. POOLE: The hon. member for Melfort spoke this evening in glowing terms of the liberty we enjoy in this country, and he accused my colleague from the Peace River area of advocating some kind of fascism. I wonder what liberty the unemployed and the poor people of this country have. There are thousands of people who have never known what it is to have a holiday. There

are thousands to-day who are unemployed and have no kind of security. This is not because we cannot produce the wealth. We have in this dominion everything which is necessary to an abundant life. We have the natural resources. These are facts which I want the Liberal party to note. When they criticize the social credit group, let them remember that these are questions which they must answer. Have we the natural resources in this country? Have we the labour? Tell me the purpose of an economic system. Is it to find employment? Why is it that all through the ages man has striven to produce greater abundance, to produce plenty of goods of every variety with as little human effort as possible? That has been the history of the human family—to get away from the age of scarcity. What the Liberal party in this house has been and still is doing is endeavouring to apply the age-old policy of scarcity in an age of abundance. The hon. member for Melfort shakes his head, but I fear no intelligent contradiction of that statement. Now, if we have no resources in this country to feed the unemployed, why have we people unemployed? Why not put them to work to produce the goods they need?

Mr. McLEAN (Melfort): Who is to put them to work?

Mr. POOLE: The state. Who else?

Mr. McLEAN (Melfort): A fascist state.

Mr. POOLE: You do not need a fascist state. Why does my hon. friend emphasize a "fascist" state? Will he accuse me of being a fascist? I know this afternoon he told us that Hitler put his men to work by drafting them into the army and producing armaments. Of course they carry the arms, but I want to remind the hon. member that what degree of prosperity we have enjoyed in the past two years has resulted from the activities of these same fascist states.

Mr. McLEAN (Melfort): No.

Mr. POOLE: They carry the arms, but we in this country are the people who manufactured them.

Mr. McLEAN (Melfort): No.

Mr. POOLE: Yes. Look at the nickel industry in this country. Consider the exportation of metals. I will go further. If the Liberal party thinks there is a depression now, just let the international situation cool down a little; let the armament race stop for a few short months, and they will find out that the depression of 1932 was just a preliminary to what is to come. I do not think very much of a government which seems to require all its members to make excuses for it. That is what is happening in the debates this year; we have seen almost every hon. member who supports the Liberal party jumping to the defence of the policy of the government. Really the government has no policy. It has not yet arrived at that stage of progressiveness where it is prepared to step out of its traditional apathy and move along paths which will lead some place for the good of the people. In my opinion the promises which this government made in 1935 should be carried out. We need homes, almost any number of them. We have the tradesmen; we have the mechanics; we have, according to the Minister of Finance, control of our national credit. Why do we not bring together these factors and use them? I want to be quite candid with the government. I think it is the dumbest government that ever was elected in this country.

Mr. BRADETTE: The hon. member should know about "dumbness."

Mr. POOLE: I would not have to be very smart to know that. All Canada should know it.

Mr. ST-PERE: How long has the hon. member been in this country?

Mr. POOLE: I have been here long enough to know how dumb the Liberal party is.

Mr. ST-PERE: The hon. member should go back where he belongs.

Mr. POOLE: I belong in this country just as much as the hon. member does.

Mr. ST-PERE: No, sir. My ancestors came to Canada in 1642.

Mr. POOLE: Well, that was not the hon. member's fault.

An hon. MEMBER: This hon. gentleman is one of those fellows who want to live without working.

Mr. POOLE: I may be a better Canadian than the hon. member, because I chose this country and adopted it. The hon. member did not choose Canada.

Mr. ST-PERE: We certainly made a bad bargain when we let in the hon. member.

Mr. POOLE: Yes, a bad bargain for the Liberal party.

Mr. FOURNIER (Maisonneuve-Rosemount): The hon. member chose this country because it had had Liberal administrations before he came.

Mr. WOOD: When he chose this country he must have thought it was better than some other countries or he would not have come here.

Mr. POOLE: I think it is the best country in the world, but I am here to make it a better country.

An hon. MEMBER: Another Mussolini.

Mr. POOLE: Well, we are starting in the west, and it must be admitted that we have made a good start. We have taken one province, and next year we shall do more. I believe that the social credit forces in this country represent the hope of economic democracy in Canada.

Mr. McLEAN (Melfort): In the hon. member's opinion.

Mr. DUNNING: And the promise of twenty-five dollars a month to the electors.

Mr. QUELCH: What were the Liberal members elected on?

An hon. MEMBER: Your group did not intend to keep their promise.

Mr. POOLE: The present government promised to issue $500,000,000, but they did not do it.

Mr. McLEAN (Melfort): Oh, no.

Mr. POOLE: The Liberal party promised to issue credit for the public need and they did not do so. Let them be fair. Alberta is merely one province in the dominion, and if the social credit party of that province had the necessary power there is no question about what it would do. But the Liberal party has the power. My hon. friends opposite said that they would do certain things and they have not done them. For many years in this parliament there is one body of citizens who have not been represented and that is the poor people of Canada. I have always felt that the members did not understand the conditions under which the people were living. We have a tremendous debt which is being added to every year, every decade. In the last twenty years we have spent from all sources pretty close to a billion dollars for all kinds of relief. What could we not have done with that money in building useful public works and homes for the people? Have the government any vision of a future when unemployment will be a thing of the past, when once again there will be a demand for the youth of Canada in industry? If the government have not that vision, have they made provision for the youth of the country?

[Mr. Fournier.]

The Minister of Finance emphasized the fact that we promised $25 a month. I do not think there is any harm in promising $25 a month to every citizen. I believe the country is rich enough to provide every man, woman and child with food, clothing and shelter, but the Liberal party does not share that belief. I do not know why any child born into this world should not be assured a living the same as the birds of the air. I do not know why anybody should not benefit by the technological improvements that have been made by science, and certainly the great mass of the people who have helped through the generations to bring about that improvement are entitled to share in the benefits. I do not know that the Almighty gave the monopolists of Canada an exclusive right to all the benefits accumulated through the generations. I have heard many eloquent pleas in this house for people who are always well defended because they have plenty of money. We are told not to touch sacred rights of bondholders, but when it comes to the unemployed it is a different matter entirely. If they send a delegation to some place in Toronto or to the capital city of Ottawa, they are only thrown into gaol.

I want to make this plain to the hon. gentleman who accuses me of being a fascist. If there were ever any party in this country that has done more than another towards creating unrest and discontent, it is the Liberal party. They have done this by the simple method of doing nothing in parliament; they have simply drifted down stream. Quite often when I speak in the house I have the same feeling that was expressed by an hon. gentleman this afternoon—it all seems so futile. It seems that we are dealing not with human beings, but with units, something abstract that does not concern parliament. But there are none so blind as those who will not see. A government that refuses to give the people of the country a living, a government that sits by and waits for something to happen in some other country, for another world war to absorb the unemployed, is not a government that can be commended. Such a policy does not speak highly for it. The government of this generation should be a planning government; it should know exactly where it is going; it should be planning from one five year period to another, and as the nation becomes wealthier every individual in the country should share in the benefits of that wealth.

There has been much criticism of social credit in this house, but I can assure you, Mr. Chairman, that it cannot be criticized out of existence. I should hate, however, to belong

to a social credit party that advocated the sort of social credit that hon. members opposite understand and interpret. Social credit does not mean redistribution of existing purchasing power; it does not mean taking from one and giving to another. Social credit in its simplest form means this: that you cannot, under the present system, provide sufficient purchasing power at any one time to purchase total production as represented by prices. There is a difference between what it costs to produce and what the consumer is asked to pay for the product. Social credit represents the difference between what it costs to produce goods and the ultimate price of them. That is social credit in its simplest form.

Mr. McLEAN (Melfort): My hon. friend has been telling us what social credit is not; what we are waiting for is a definition of what it is.

Mr. POOLE: I have just told the hon. member. It is the difference between total cost of production and the ultimate price of the goods produced. I know that one of the ministers, speaking in the west recently, referred to the weird ideas of social credit. Well, you do not have to go beyond the Liberal party to find weird ideas; in fact, some of their ideas are real nightmares. They talk in this house about solving the unemployment problem, while the national credit they leave in the control of someone else. The Minister of Finance tells us that we control it, but we are not getting much of it. The people are not enjoying it even if we do control it. Nor is social credit scrip. Scrip is recoverable by taxation, and that is a different thing entirely. While on the subject of unemployment, I wonder if as Canadians—never mind where I came from—

Mr. ST-PERE: According to the parliamentary guide the hon. gentleman came here when he was three years old, and he said he chose this country to live in. He was pretty precocious.

Mr. POOLE: I was in this country and in this city twenty-nine years ago.

Mr. ST-PERE: But the hon. member did not choose this country to come to.

Mr. POOLE: No; in fact I went back.

Mr. ST-PERE: He should apologize to the hon. member.

Mr. POOLE: At the age of two years I left Canada, but I came back in 1928, so I did choose the country. I am sorry my hon. friend did not have the same privilege. But this subject of unemployment is not something you can laugh out of existence. We need some money to deal with it. We need some public works. It makes no difference what hon. members opposite or on this side suggest, you cannot do anything without the instrument with which to do it, and in this case the economic instrument is national credit. I hope that in future in this house the Liberal party will not go as far back as ancient Rome to find a precedent for unemployment. Unless this government change their tactics and really do something, they will probably be the last democratic government in this country; democracy will pass from Canada as it passed from Europe, because governments refused to do the things which they knew were essential for the national welfare. People will not be found desiring change or dictatorships when they are contented. This government is responsible for making Canadians a contented people. The only way to make them contented is to absorb our youth into industry, once again imbue them with the spirit of Canadianism, make them feel that they are a part of society, doing their part in the building of a great nation.

Mr. ST-PERE: Hear, hear.

Mr. POOLE: I do not know what my hon. friend finds funny about that.

Mr. ST-PERE: I said "Hear, hear." I congratulate the hon. member.

Mr. POOLE: I wish my hon. friend would come out to my riding some time—

Mr. ST-PERE: I invite the hon. member to mine.

Mr. POOLE: If they would visit the soup kitchens of Canada, hon. members would not find this such a light subject. If they would forego their sessional indemnity and bankbooks for a few weeks and go to the soup kitchens of Canada, they would understand these problems better. There is a job to do, and the people of Canada sent this government here to do it, not to wish away the problem of unemployment, but to do away with it. The way to do away with unemployment is to put people back to work, absorb them into building and construction. Unless a start is made, the outlook is poor for the people to enjoy the security which they have known even in these days of scarcity. So the slogan of this party now, while in office, should be: Work and wages; not relief and dole. Unemployment insurance does not appeal to me; it is only a palliative, something to string along with for another decade and get by without doing the real job that

should be done. In Great Britain they have had unemployment insurance, but has it solved the problem there?

Mr. MARTIN: Do I understand that the hon. member is against a scheme of unemployment insurance in this country?

Mr. POOLE: I am very much opposed to unemployment insurance as suggested by this government.

Mr. MARTIN: Is the hon. gentleman opposed to a scheme of unemployment insurance as he understands this government is considering it?

Mr. POOLE: Yes.

Mr. MARTIN: Or any scheme of unemployment insurance that is known to us?

Mr. POOLE: Yes; it is so unnecessary. It is nothing new; they have had it in Germany, in Great Britain. It is only a palliative.

Mr. MARTIN: Is the hon. gentleman speaking for himself, or his group?

Mr. POOLE: I am speaking for myself; the group is able to speak for itself.

Mr. McLEAN (Melfort): The group agree; they were prompting him.

Mr. POOLE: The government propose that, whether it is reasonable or not, as long as it is a vote-catcher. It would be only a redistribution of purchasing power, not a solution of the problem; only taking something from the person who is working so that the person who is not working may get some of it, making a man who may be getting $10 a week contribute part of that for the unemployed. The problem is the lack of purchasing power; if you redistribute the whole income of Canadians in terms of cash, it would not solve the problem. It is not a problem of redistribution.

Mr. McLEAN (Melfort): My hon. friend is opposed to the payment of $25 a month to people without any return given to the state?

Mr. POOLE: But the return has been given by generations past. Let me explain, if my hon. friend would like an explanation. The greatest, the most important factor in the economic system is the consumer. Unless he is getting and using goods, industry slows down. You must place in the hands of the consumer effective demand. There is of course a difference between demand and effective demand; a million people in Canada to-day demand things but they do not get them because they have not the tokens or the effective demand in their hands. If the consumer is recognized as the greatest factor, you must realize that they are short of purchasing power. To redistribute that which is already in the hands of people would not make up the deficiency in purchasing power; you must have more; you must begin with the consumer so that he begins to buy and drag goods from industry.

To-day we have arrived at the point where governments are stimulating industry. In the United States they are "priming the pump," giving loans to industry. But the managers of banks in Canada tell you that their problem is to make loans. Why? Because industry to-day has developed to a high degree its power of production so that it can produce more than the purchasing power which goes out in wages, salaries and dividends can absorb. So the social credit proposal is very simple: Begin with the consumer. It is because of the consumer that there is any economic activity at all. If a machine is put into a factory, this is done for only one purpose, to produce goods. The only reason for producing goods is that people may use them. To-day goods can be produced in great abundance; the reason we have a depression to-day is not because we cannot produce enough, but because the consumer has not the wherewithal, the effective demand, to take the goods from industry. It is of no use to pay it in wages, because that would increase prices. So you have to do two things: First, to give out purchasing power which does not pass into the cost accounting system, in other words, does not go into the cost of production, but begins with the consumer. The second thing is to stop the rise in prices. To do that you apply what is called a discount rate; you compensate the retailer or producer if he sells below the cost of production.

Mr. THORSON: How do you do that?

Mr. POOLE: By paying the difference directly to the producer.

Mr. THORSON: What with? Where do you get it?

Mr. POOLE: National credit.

An hon. MEMBER: Oh, oh.

Mr. POOLE: Do not laugh.

An hon. MEMBER: It is impossible not to laugh.

Mr. POOLE: If hon. members want to know about social credit, we will tell them. The hon. member for Melfort asks where the money comes from. Let me ask him where any money comes from.

Mr. McLEAN (Melfort): Money, as my hon. friend knows, is promissory notes. He knows that if he issues promissory notes beyond his capacity to pay, he will not get further credit. And the state would be in the same position.

Mr. POOLE: Money is not a promissory note. No matter what money is made of, provided it has arrived at that degree of acceptability that you can exchange goods and services for it, it is money. It is valueless unless it has a demand quality, unless you can exchange it for goods. A few moments ago my hon. friend asked me what was behind it and where it came from. The credit which would be used in social credit would be exactly the same as you use to-day, and the very same things would be behind it—goods and services. We have said already that there is an insufficient purchasing power and that we want to increase that purchasing power. The goods and services behind that increase would be just the same as what is behind your money to-day.

Mr. DUNNING: My hon. friend admits that there would be a natural rise in prices as a result of the initial application of this principle and he acknowledges that unless there was effective price control, things would get out of hand. The just price or price control is an essential feature of his theory. I gather it is the intention to bring about that control by paying to the seller the difference between what he would have to charge as a result of the higher prices and what would be regarded by some authority as a just price. Am I correct in that? There would be paid to the retailer the difference between what the goods cost him as a result of the price enhancement, on the one hand, and what was determined by some authority to be the just price, on the other.

Mr. POOLE: I would say that is correct.

Mr. DUNNING: Then I am correct so far. My hon. friend then says that the money to be paid to the retailer under these circumstances is to be national credit; that is, it is to be based upon the production of goods and services. However, already we have produced those goods at too high a price; we have already used the national credit in producing them and in creating the just price which we are going to bonus the retailer for charging. What would be the basis for the credit which would be issued by the state for that secondary purpose? Two and two still make four.

Mr. POOLE: There is a logical answer to these questions.

Mr. MacINNIS: I would suggest that the Minister of Finance carry his question just a point further. He should point out that the additional credit which would be paid to the retailer would further increase inflation.

Mr. POOLE: The Minister of Finance suggested that in the initial stage prices would rise. That is natural. To-day some goods are sold for which fair prices are not received. We would have to arrive at a price level which would give the seller or the producer his cost plus something else, commission or profit. I think the idea that the world can never operate without a profit is absurd, because to me anything over and above cost is profit. I think the minister is overlooking one thing. He said that when you have produced goods you have used up your national credit. That is not true.

Mr. DUNNING: To that extent.

Mr. POOLE: To the extent of the cost, but not to the extent of the price.

Mr. DUNNING: My hon. friend made a point of the fact that the cost would be too high.

Mr. POOLE: The price.

Mr. DUNNING: He proposed a bonus to bring down the price resulting from the too high costs.

Mr. POOLE: Let me put it to the minister in this way. An article might be selling to-day for a dollar which might be considered a fair price which a retailer receives under the present competitive system. With a social credit scheme in operation, that article would sell for seventy-five cents. We would be increasing the value of money on the one hand, and we would be giving the consumer more money, on the other. That is true, is it not? If I sell an article for seventy-five cents which sold previously for a dollar and the state compensates me as the retailer, I would lose nothing. However, the consumer would be able to purchase more goods with his money. That does away with your theory of inflation. You could not possibly have inflation if prices come down to the consumer as you produce more.

Mr. MARTIN: I should like to ask a question in connection with what the hon. gentleman has just said. There would still be countries in the world in which social credit would not be in operation. Having in mind our economic interdependence, how are you going to deal with the inevitable variation in price? How are you going to deal with the price level?

Mr. POOLE: As we deal with it to-day. Theoretically in international trade we deal in terms of cash, but actually we deal in terms of goods. All we do in foreign trade is to exchange goods for goods. I know that we have sold goods to China, but I have never seen Chinese money in this country. It is true that there will be a difference between the price of goods here and the price of goods in other countries, but there is a difference to-day. Adjustments will be made in exactly the same way. We do not intend to interfere with anything internationally; this is a scheme which works internally.

Mr. MARTIN: Assuming that this social credit state was a debtor country, how would you meet your obligations to creditor nations?

Mr. POOLE: We are a debtor nation to-day and we meet our debts in the old-fashioned way, by exporting more goods. We pay in terms of goods and services. We have possibly one of the finest examples of that in the manner in which Germany attempted to pay her debts to the United States. She paid with boots and shoes and the United States worker who came back from France found that he was out of a job. We do that now and we shall do it to-morrow. Under social credit our national debt would be reduced because we would have more goods for export. We would be producing more because the demand would be greater. The demand for imports would be greater because we do not produce that variety which is necessary to national need.

Mr. MARTIN: How would you pay for your imports?

Mr. POOLE: The same as we do to-day, with our exports. There is no other way in which you could pay for them.

Mr. MARTIN: Supposing citizen "A" wanted to buy shoes from Czechoslovakia, how would the transaction be carried on under social credit?

Mr. POOLE: In exactly the same way as it would to-day. His cheque would go into the clearing house and be charged against this country.

Mr. MARTIN: Supposing the shoes cost one hundred dollars. How much would the citizen in the social credit country have to pay to the exporting country?

Mr. POOLE: I do not understand.

Mr. MARTIN: The state is going to increase the purchasing power of the citizen; the state is going to pay a portion of the cost of that commodity.

Mr. POOLE: I did not say that.

[Mr. Martin.]

Mr. MARTIN: That is what the hon. member has said.

Mr. POOLE: No. We were discussing placing money in the hands of the purchaser. You pay it into the hands of the consumer.

Mr. MARTIN: The man who buys the shoes is the consumer.

Mr. KUHL: The man in this country.

Mr. POOLE: In international trade we would pay for things just as we do now. Does the hon. member suggest there is no difference between the prices of goods produced in Canada and the prices in some other countries? They are not the same in any other nation of the world.

But that does not enter into the argument with respect to social credit, and I shall discard it. We are talking about national credit which will make up the difference in the cost of production and ultimate prices and which will supply the consumer with things which could not possibly be purchased through the cost and price system as we know it to-day.

Mr. DUNNING: At this point could we not get back to the section under discussion? Everybody has had an innings. I admire the courage of the hon. member who has just spoken. He has gone further than most of his colleagues in the development of the social credit theory, but after all that discussion does not really fall within the four corners of the section before the committee.

Mr. POOLE: I would remind the minister that we claim the problem cannot be solved without social credit. Hon. members opposite have asked certain questions which I have been only too pleased to answer.

In conclusion, I say that until we recognize that there is a deficiency of purchasing power, and that all our industrial activity is for one purpose and one only, namely to supply the ultimate consumer with the goods of production, we shall not reach a satisfactory solution. That is the purpose of the economic system. If it is not, then I want hon. members opposite to tell me why we produce goods.

Debate on the question of money cannot be had too often. It is the first and most important question which can ever come before parliament in this day and generation. Until a political party which will deal with money and credit sits on the right side of Mr. Speaker, we shall never get out of the present economic chaos. As one of the youngest men in the house may I say that I fear the future, under present governmental policy. I can see no hope and I can see contracting markets —the very thing which will destroy all the

doctrines of the old line parties. We find Japan making inroads into China, with the result that industrialization takes place and less is bought from us. Germany goes into Austria, industrializes it and buys less from us. Italy goes into Abyssinia, industrializes it and buys less from us. We are faced with a greater paradox than ever. Here is a nation choked with wealth and the machinery to produce vast quantities of the very things which people want, but they cannot buy.

That is all I have to say on the matter. I thank hon. members for the questions they have asked. I am so convinced that the monetary system is wrong that I avail myself of every opportunity I get to go to any county or school district to tell the people something about this monetary system which keeps humanity shackled to poverty.

Mrs. BLACK: It is eleven o'clock, Mr. Chairman, and I suggest we call it a day.

Progress reported.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

Tuesday, May 3, 1938

The house met at three o'clock.

STANDING ORDERS

FIRST REPORT OF STANDING COMMITTEE CONCURRED IN

Mr. S. W. JACOBS (Cartier) presented the first report of the standing committee on standing orders, and moved that the report be concurred in.

Motion agreed to.

ALASKA PACIFIC HIGHWAY

NEGOTIATIONS BY UNITED STATES WITH CANADIAN GOVERNMENT FOR CONSTRUCTION OF HIGHWAY THROUGH BRITISH COLUMBIA AND YUKON TERRITORY TO ALASKA

On the orders of the day:

Mr. H. J. BARBER (Fraser Valley): There is a matter to which I should like to draw the attention of the Prime Minister (Mr. Mackenzie King), arising out of a report in the press of this morning to the effect that—

The United States House of Representatives passed and sent to the senate to-day a bill to authorize the president to appoint a five-member commission to negotiate with representatives of the Canadian government "on the prospect of arrangements for building" a highway from the Pacific northwest to Alaska through British Columbia and the Yukon territory.

The committee is also reported to have said:

Canada's desire to aid cannot be questioned.

Can the Prime Minister make a statement to the house at this time with regard to the matter?

Right Hon. W. L. MACKENZIE KING (Prime Minister): All I can say is that I have seen the press dispatch to which the hon. member has alluded and it is the first and only intimation that I have had of the matter. I have not made any representations as to what Canada's attitude will be if the subject should come before us for consideration at the instance of the United States.

PRIVILEGE—MR. CHURCH

STATEMENTS OF FATHER GRAVEL AND ILLEGAL IMPORTATION OF ARMS INTO QUEBEC—ANSWERS TO QUESTIONS ON MAY 2

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I rise to a question of privilege and to correct, under the rules of the house, a report regarding two replies by the Minister of Justice (Mr. Lapointe) to two questions I asked and placed on the order paper. I wish to call Your Honour's attention to the fact that the privileges of a member have been taken away by the answers given by the minister. In the first question I complained of a large public meeting held in Quebec city on April 6 and reported at length in the three newspapers of that city, L'Evenement and Le Soleil and another, in which the speaker referred to in the question, Reverend Father Gravel, said:

There must be a revolution. There is no good saying it can't happen here....I am for revolution. I will support a revolution that will fight for the independence of this province. Our people must unite and retake the soil which belongs to us.

A lengthy report appeared in L'Evenement of April 6. Practically the same report appears in Le Soleil of the 6th:

When a nation is as sick as this, there is only one way to save it, revolution....That is the only remedy which will save us.

Other papers, fifteen in all, had lengthy reports along the same lines, and more details.

Under standing order No. 44, material facts may be cited in order to make a question intelligible. The rule then goes on to refer to the privileges of members; it refers to misquotations. In my question I simply drew attention to a report of a large public meeting in Quebec, and in order to make the question

intelligible I referred to certain facts—the reports of the meeting. I submit that I was quite within the rules of the house. I did not seek to supply any information to the house but simply to ask a question based on the reports of a meeting which became an unlawful assembly, and therefore the question as I worded it was, I submit, in order. My other question was based on a long report in the Toronto Star Weekly of Saturday, April 23, in a dispatch from Montreal and quoting L'Autorité, in which a scheme to seize Rideau Hall, Ottawa, and the public buildings here was set out at length under a heading Fascist Scheme to Seize Ottawa by Force. These matters I complained of were in many other papers including all our leading Canadian dailies.

Under the rules I was prevented from reading a verbatim report of what the reverend gentleman said. I waited for the government or for some responsible minister to raise this question of public importance and get the real facts and to take action, but nothing was done.

At page 2431 the minister is reported as having made this answer to the first question I asked:

> This question serves to show the soundness of the rules of the house to the effect that a question should seek to obtain information, not to supply it to the house.

I repeat, my question did not supply information, but I sought government action; for the information is contained in a two-column verbatim report published in many newspapers. I supplied no answer, only a reference to lengthy press reports. The minister went on to say:

> The government is not aware of the facts mentioned by the hon. gentleman—

The occurrences and the meeting to which I have reference in the question were in the minister's own constituency or city and were reported in his own city press. He continued:

> —but I know personally that he has been wrongly informed, at least in some important particulars.

I did not make the statement myself which I quoted in the question I asked; it appeared in three newspapers published in Quebec and in others throughout Canada. The mere fact that the minister says that my fears are groundless does not make it so. I simply stated the facts, and as a further question of privilege, I object to untruthful comments in this morning's Citizen and reflections on me. It is in the public interest that in times like these the government should find out what address this gentleman did make, and examine the press reports and comments, and decide whether any action will be taken in the matter under the law. Section 98 was repealed, but other sections of the code are there with regard to unlawful assemblies and threats of force and revolution.

Mr. SPEAKER: I would ask the hon. member to state the point of privilege which he is raising and to do so in terms as brief as possible.

Mr. CHURCH: I have received certain information through the mail also, sent to me by revolutionists and others. Am I as a private member to get all these particulars while no one in a responsible position will take any action? I should like to have an answer from the minister as to what he intends to do.

Right Hon. ERNEST LAPOINTE (Minister of Justice): I have nothing to add to the answers I gave the hon. gentleman yesterday.

Mr. CHURCH: What about your padlock law?

DOMINION-PROVINCIAL RELATIONS

QUESTION AS TO CONSULTATION WITH PROVINCES REGARDING APPOINTMENT OF ROYAL COMMISSION

On the orders of the day:

Mr. A. MacG. YOUNG (Saskatoon): I desire to ask the government a question based upon a report which appeared in the Ottawa Evening Citizen of Monday, May 2, of an address by the premier of Ontario before the royal commission on dominion-provincial relations. I quote:

> "And now may I express a long, deep note of discontent," the premier continued, stating the first notice he received of the appointment of the commission, "came at the breakfast table, from a morning newspaper"....
>
> He suggested the objective of the commission bore so directly on the affairs of provincial government that all provinces should have been consulted about the commission appointment. "And I suspect several of the provinces were consulted," he said.

My question is: were some of the provinces consulted regarding the appointment of the Rowell commission?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I may say to my hon. friend that as far as I am able to recall none

of the provinces were consulted as to the intention of the government to appoint the commission. The decision of the government was reached by itself after careful consideration of the whole matter and announcement regarding the intention of the government to appoint the commission was made in this house, if I remember rightly, in the middle of February. The commission itself was not appointed until August. The personnel of the commission was made known at that time. In the interval representations were made to the government from many sources as to persons who might be considered and these representations were considered. I cannot say at the moment just what these various representations were, but I would say that no single province was treated differently from any other. All were treated exactly alike. I speak subject to correction, but my recollection is that representations were made by a member of the government of Ontario as to a person who might be appointed to the commission, and the name of that person was considered along with other names which were submitted. The Hon. Mr. Rowell was subsequently appointed from Ontario.

NIAGARA FALLS BRIDGE

LETTER FROM ONTARIO MINISTER OF HIGHWAYS TO MINISTER OF TRANSPORT REFERRED TO IN DEBATE ON BILL NO. 15

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): I should like to ask the Minister of Transport (Mr. Howe) whether or not the letter he referred to the other evening in the discussion on the Niagara Bridge bill has been laid on the table.

Hon. C. D. HOWE (Minister of Transport): I was out of the city yesterday, but this morning I made inquiries regarding the letter. My files indicate that the letter was sent to the committee on railways, canals and telegraph lines, but I am arranging to locate it and will undertake to lay it on the table this evening or possibly this afternoon.

UNEMPLOYMENT RELIEF

MEASURE FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

The house resumed from Monday, May 2, consideration in committee of Bill No. 105, to assist in the alleviation of unemployment and agricultural distress—Mr. Rogers—Mr. Sanderson in the chair.

On section 3—Undertaking of measures:

Mrs. BLACK: It has seemed to me that in the last week or two a great many speeches have been made that would not have been made if the speakers had more sense of responsibility. We in opposition have no responsibility but to criticize, or possibly offer suggestions. I had no idea of speaking on this bill, but perhaps because I am a woman and have had children I have received letters from women from one end of Canada to the other saying to me: "School days are ending; my boy is coming out of school, what am I to do with him? I have two daughters leaving school; what faces those girls? You as a woman should be able to tell me."

This is quite a responsibility to put on my shoulders, because I do not know what to do with other people's children. As I have watched the minister and listened to the criticisms showered upon him I felt that if attrition could wear a man down he would not be in the house to-day. I do not know that I have ever seen anyone look more exhausted than did the Minister of Labour (Mr. Rogers) when I spoke to him last night. He was tired, he was worn out. I have enough faith in him to believe that he is honestly and conscientiously trying to do his best.

I have watched from the gallery since 1921 government after government; I have heard the same questions asked by the various oppositions: What are you going to do? Why don't you tell us when you bring down your bills what you are going to do? No government I have ever heard of has taken the general public into its confidence until it has fully made its plans; therefore I should not expect the Minister of Labour to take us into his full confidence at the present stage. But when he is employing men to spend the amount of money that is to be voted to him —and it certainly will be voted to him by practically all hon. members of the house, whether they approve of his policy or not— I suggest that he be very careful to place the spending of that money in the hands of men who know how to deal with it. It is easy enough to give to a political supporter the spending of enormous sums of money; and I understand as well as anyone that to the victors belong the spoils. But surely among the ranks of any party there are good men, conscientious men, who in spite of their affiliations with the party in power will do what is right and what is best for the general public.

I want our boys and our girls to have a chance. In the city of Vancouver there are two women well known there who in their

own way, small though the scope may be compared with the thousands that are out of employment, have done wonders towards helping the young people of that city. One of them is Judge Helen G. MacGill. Speaking from this side of the house, I am sorry that I must say she is a Liberal. She has been for a long time the judge of the juvenile court there. With the help of friends she organized the training of girls for housework. Each year she has exhibitions. The shopkeepers there have helped her place these girls as best they could. Mrs. MacGill organized and has done that work herself. She drew her friends of all shades of politics with her, and has done a wonderful work. The other woman—I know that the Minister of National Defence (Mr. Mackenzie) knows her—is Mrs. McKay. She organized the Arts and Crafts Association—although I believe that is not the correct name—but she has brought from all over British Columbia men and women who were immigrants or are the children of immigrants, into an organization in which they have done the work in which they or their parents were skilled in the country of their origin. Each year men and women all over British Columbia come to Vancouver for that show; thousands of people attend. Mrs. McKay has trained the women, shown them how to bring their work to public notice, and helped many who otherwise would not have been able to show their work and sell it professionally to the general public.

This may be a small thing in relation to the thousands who are out of employment, but every little helps. The constant dropping wears away the stone. If more of us did what we could in that way, and if more women and the men themselves were encouraged by the government to help, irrespective of politics, we might in time solve part of our great problem of unemployment.

Yesterday afternoon I heard one hon. member say that every child born had just as much right to a living as the birds of the air. For the last month or six weeks I believe the birds of the air have been pretty busy on the grounds in front of this building, and it has been my experience with the birds of the air that they hope to scratch gravel or pull worms; nobody is going to do that work for them. I have stood and watched the robins brace themselves and pull until they get out a nice fat worm. I have watched the robins hopping around from bush to bush and tree to tree gathering the material to make nests. The birds of the air have a right to a living, but like human beings they have to work for that living.

[Mrs. Black.]

To the minister may I say, will he do the best he can to give our young people a chance for a living, a chance to work? The young man or young woman who is brought up without the discipline of work is no good to the community, no good to himself or herself. I look around on the hon. members of this house, young and old; the successful ones, the large majority of them, came from stock which forced the children out of the nest in early life; they are the ones we look up to. There have not been many men in this house during the time I have been watching since 1921 who had everything laid before them. So I say, if we can only give our young people that chance! Road building is good; we need good roads. Last spring, after the house adjourned, my husband and I motored to California. As we travelled through the states of Washington, Oregon and California I frequently made the remark: Your worst road that I have travelled over is better than the best we have in Canada. That may have been a little harsh to Canada. When I came east again this spring, I found the roads down there marvellous. Our best crop is the tourist crop. We want to harvest that crop every year. To do so we have to have good roads, and we must have good and sanitary accommodation for the tourists who come. The tourist from the south demands more than we in the north; I know full well, because I have lived practically half my life in both countries, or a little more than half my life here. I would say to the hon. member that I chose this country; I was not born here, but I chose it, and I have never regretted my choice. It has been a good country to live in; it has been good to me and my children, but I want to make it better for those who are to come after us. I feel sure that when he speaks of roads, housing and so on the minister wants to do all he can, but on the west coast—and I know Vancouver and that coast very well, since I have been going there for forty years—there are many people with monthly incomes of $150, $200 and up to $400, though they are not always sure how long they are going to last. I ask hon. members here how those young people can raise their families of two to four and sometimes six children, and pay the taxes they would have to pay on the homes they would like to build. From my own experience I know that in the long run on that west coast it is much cheaper to rent than to build. That is too bad,

because personally I would much prefer to live in a one, two or three roomed house that was my very own than be able to pay rent for a ten, twelve or fourteen roomed house. But the taxes are almost prohibitive; they prevent people from owning their own homes. That is another thing that must be looked after. We want our homes; we want our gardens; we want every chance we can possibly have.

Then I should like to make just one suggestion to the minister. I do not intend to offer advice; God knows I am not fit to give anybody advice on this matter. When we think of the unemployment question and the matter of relief it seems to me that we are a good deal like the dog chasing its own tail. Just as we get hold of it the end slips away and we do not really know what to do. I have yet to meet a man or woman whom I could pin down, who could conscientiously say to me, "Mrs. Black, I know what should be done," and then go on and tell me. They cannot do it. They can offer plenty of theories, but we do not want theories. The minister has a fearful task before him. A family may have lived in Quebec for twenty or twenty-five years. There may be illness or some other reason for a change. That family may come to Ontario, having run up against evil days. Are they going to receive relief here? No. They are Canadians, but Ontario is not going to help them. A family may have lived in the far north for forty years, grubbing away, working and living a dog's life. They come down to British Columbia, Alberta or Saskatchewan. Will they be helped? No, they can starve, unless they are helped through the generosity and kindliness of their neighbours. That is not right. We who vote these allowances do not belong to Quebec, Nova Scotia, the Yukon or British Columbia; we belong to all Canada. I firmly believe that the time must come when Canadians, as Canadians, will be helped if help is necessary, or will be given work—which is better than any relief that can be given—whether they come from the east or the west, the north or the south, so long as they are Canadians.

I wish to thank the minister especially, Mr. Chairman, for having listened so patiently to what I have had to say.

Mr. ROGERS: Mr. Chairman, I should like to thank the hon. member for Yukon both for what she has said and for the very genuine and kindly manner in which she has said it. I am very sure her speech is one that ought to be recorded and preserved in the debates of this house. She has referred particularly to the importance of the work done by individuals in making easier the lot of those who have suffered during recent years. I am very glad that she did so. Obviously one who holds the position of Minister of Labour cannot refer to individuals engaged in this work without making invidious comparisons; but certainly anyone who is aware of what has been going on during recent years will testify to the fact that without this voluntary work done by individuals, much of it by women, the policies of governments certainly would not have their full effect. I should like to thank the hon. member also for her other suggestions, and to assure her that I shall keep them in mind.

Mr. WALSH: Mr. Chairman, before we leave section 3 I should like to make a few observations which I hope the minister will receive in the kindly spirit that has been exhibited already this afternoon, and which I hope I may make in the spirit with which the previous speaker initiated the debate this afternoon.

I recognize the tremendous task with which the minister is confronted in connection with a problem of this nature. I know it is a complex problem, not easy of solution; and I for one would not wish to complicate the problem any further. But I should like to offer a few observations and suggestions in the hope that by some means the multitude of contributions made in this house during this debate might eventually prove of some assistance in at least partially solving the problem. We recognize the magnitude of this question. When I consider the matter of unemployment in this country I often pause and compare it with our effort during war time periods. I consider that when we are faced with the problem of unemployment we are faced with a war within our own borders, and I feel that the question of unemployment should be approached in the same way and with the same spirit that we would approach the problem of a real war. I know that if we were brought face to face with the question of going to war we would immediately plunge into that difficult task and see that it was successfully accomplished in the shortest possible time. There would be enough money properly and effectively to prosecute that war; we would not appoint a commission or committee, nor would we hesitate a moment in trying to bring to a successful conclusion the fight then on our hands.

I feel that the problem of unemployment might be approached in a somewhat similar fashion. We might throw ourselves into this

fight within our borders with a great deal more vigour, and try to bring about a condition that, if it would not eliminate unemployment, at least would make it less severe than it is at the present time. We are now engaged in a war upon a social condition which has been very much aggravated by the recent depression. Talking about it will not eliminate it. Action must be undertaken, and I feel that we have been rather slow in undertaking that action.

I have already spoken on this question when the minister introduced the resolution on which this bill was based. On that occasion I brought to the attention of the government certain conditions with which I was not satisfied. To-day I want to approach this same subject from another angle, and I am asking the indulgence of the minister and of the committee if I seem somewhat tiring in the presentation of the facts and figures I want to place on Hansard. I wish particularly to place them before the minister and the government.

It is my view that the government should work in very much closer cooperation with the provinces, and I might add, although this might not meet with favour, with the municipalities. I know it is almost a recognized principle of government for the federal government not to deal too closely with the municipalities. But in a matter of this kind we are confronted with such serious possibilities that we must recognize the fact that municipal governments have a much more direct contact with the problem and with the people most concerned than either the provincial or the federal government. For that reason I do not believe the minister or the government in Ottawa should be adverse to receiving suggestions or delegations from municipalities, and particularly from those municipalities which have been most effective during the depression through which we have recently come in dealing with the unemployment which arose somewhat as a consequence of that depression.

I feel, too, that the government should not bear in mind the complexion of any provincial government with which it might be dealing. I am afraid there is sometimes the tendency in government to consider suggestions from the provinces in the light of the provinces from which the suggestions may come. I am afraid that provinces having governments which politically do not bear the same relation to this government as those in other provinces may not receive the same reception. In fact, that might be the reason for the attitude indicated in section 3 of the bill now under consideration, which is somewhat different from the measures introduced last session and the session before.

Last year we discussed in the house the subjects of housing and slum clearance, problems which might adequately be faced at this time. Housing is a difficult problem, but one which offers a solution to unemployment, and a field to which we might go with some degree of hope for the eventual alleviation of distress through unemployment. I have in my hand a pamphlet read before an organization in Montreal by Professor Percy E. Nobbs of McGill university. Professor Nobbs, as most hon. members know, is recognized as an authority on town planning, slum clearance, housing and problems of that kind. At the beginning of his address he quoted from the observations of Henry Vivian, also a world recognized authority in the same field. Mr. Vivian's concluding observations were that in most Canadian towns—

> —less science and forethought are given to the care of human beings than the modern farmer gives to the raising of his pigs.

That is a strong statement, but I believe it is a good introduction to a discussion of housing and slum clearance. I should like to quote further from the observations of Professor Nobbs. What he states has direct reference to Montreal, but would apply equally to any large city in Canada. He said:

> As I have been pointing out for years, Montreal is notably deficient in low rental dwellings when the numbers of low wage earners in the community are taken account of. There has never been any concerted attempt to house our workers. Now we find that while rental values for superior accommodation are still going down, or are still as low as they ever have been since the war, the rental values of the poorest accommodation in the city are rising. During the first years of the depression, the Montreal proprietors housed the unemployed rent free. With the institution of unemployment relief, the unemployed were accommodated in $25 a month dwellings at $12 rents. Those dwellings are now better rented and the Unemployment Relief Commission has entered the market for lower rental property. I shall not say whether the next fact to be disclosed is a matter of cause or effect, but there is a notable tendency to the consolidation of this class of property, rented to the Unemployment Commission, in fewer hands month by month. So if ever there was a case for large-scale, low rent housing operations, that case exists in Montreal to-day, for there is a shortage of dwellings of all classes, from $50 a month rentals, downwards, and the shortage of dwellings renting from $14 to $9 is most acute.

That is what Professor Nobbs said after a very careful study of conditions existing in Montreal. With what he has to say I am in hearty agreement; in fact, I am in complete accord. It was my privilege to spend

some time in the office of the metropolitan commission in Montreal where, with one of the directors, Mr. George Mooney, a gentleman well known to my friends immediately to my left, we studied the problem of slum clearance and housing. He pointed out definite spots on the map of Montreal where projects could be commenced immediately to the advantage of the city, the workers and those at present unemployed. He deplored the fact that nothing of a concrete nature was being pushed forward at the present time in the larger cities.

While I speak with direct reference to Montreal I have in mind that there are other large cities and towns in Canada. I have no doubt that what has been said respecting Montreal could be said with equal force about Toronto, Winnipeg, Vancouver, or any of the other larger centres. It is my hope therefore that under section 3, where the minister contemplates certain works of a public nature, slum clearance and housing with rental values from $10 to $15 per month may be undertaken, so that people who are forced to live in accommodation of that kind may obtain it and may live as decent human beings desire to live.

Reference has been made to unemployment insurance. My recollection is that one of the first speeches I made in the house was concerning that subject. I am just as strongly in favour of unemployment insurance to-day as I was at that time, although I do recognize certain weaknesses. I make that statement despite the tirade against unemployment insurance lodged by one of the social credit members last night. He did not convince me in any way that the workers of Canada were making any mistake in urging the institution of unemployment insurance. I know the difficulties with which the minister has been confronted in connection with this question. I know, too, it has been decided by the courts that unemployment insurance is within the provincial field of jurisdiction. But I know he recognizes, I recognize and every hon. member recognizes that it is a question with which it is quite impossible for provincial governments to deal. It is a question of national importance; it is a question that will have to be faced eventually and solved by a national government sitting at Ottawa.

I have in my hand a report that was issued in the United States of America in connection with the social security act recently passed in Washington. I notice that this report refers to a possible solution of the unemployment insurance problem. It states that the social security act can be divided into two distinct parts, the first being the old age retirement benefits, which are contributions collected from both the employers and the employees, and the second being the unemployment insurance benefits, which are provided for employees out of contributions paid in those states which have unemployment insurance laws. The social security act is designed to induce the states to adopt such laws. I know the minister is as fully conversant with this document and with that act as I am. After reading certain sections of the social security act as passed in the United States and as adopted by many of the states of the union I feel that there is a possibility of solving our problem along that line without the necessity of altering the British North America Act in any way.

I know that certain provinces are not opposed to unemployment insurance as such, but they are opposed to anything that might be interpreted as an easy way to amend the British North America Act. They like to feel that that act is almost impossible of amendment. For this reason we should try to find another means of approach so that unemployment insurance can be brought into being and put into effect without causing any offence to any provincial government, whether it be a Social Credit government in Alberta, a Union Nationale government in Quebec, or a Liberal government in New Brunswick. I feel sure the minister is giving serious thought to the possibilities of action along this line.

I have also in my hand an extract from an article written by a great friend of the Prime Minister (Mr. Mackenzie King) who is personally well known to the Minister of Labour. I refer to Mr. Bernard Rose, K.C., a prominent lawyer in the city of Montreal. Writing in Le Monde Ouvrier under date of April 23, 1938, he states:

> Mr. King positively pledged his party to adopt a national contributory system of unemployment insurance if he was elected. Having the utmost confidence in the word and pledge of the Prime Minister, hundreds of thousands of voters throughout the dominion cast their ballots in favour of his party's candidates.

He continues with his article and towards the close he states:

> I would hazard the opinion that the government, in view of the situation and promoting public welfare, is constitutionally justified in enacting the measure under the "peace, order and good government" clause of the British North America Act.

Remember, this article is written by a lawyer in Montreal who has always been a supporter of the Liberal party. It sounds rather strange to hear the words "peace, order and good

government" mentioned as a foundation for an enactment by one who pretends to be of Liberal persuasion. Nevertheless he uses these words in good faith and I refer this article to the minister. It continues:

If any one or more provinces were dissatisfied the onus of constitutional attack would be upon them.

That is written by a gentleman who presumes to be and who is I believe an authority on the matter. He is known to the Minister of Labour and has done special work for the Department of Labour from time to time. He has been actively engaged in labour movements from the time he was able to take part in any movement. He gives it as his opinion that unemployment insurance can be brought into effect by this government should they desire to take action under that oft-repeated clause of peace, order and good government. He believes that should this action be challenged in the courts, the decision would be that the point was not well taken and that the government was within its rights in passing legislation under that particular clause. I refer this to the minister for what it may be worth and I am sure he will give it the consideration it deserves.

To continue the argument further with particular reference to the city of Montreal, I do not desire to burden the committee with all the facts and figures that I have before me, but I might state that the metropolitan commission gave me, in tabulated form, certain facts and figures in connection with Montreal. I know that we have before us many tabulations with reference to unemployment in Canada, but I thought these figures were illuminating and interesting, dealing as they do with one city and showing the conditions that prevailed in one unit of our population. With the permission of the committee I should like to place on Hansard certain figures which were compiled by the department of unemployment relief showing the persons given relief, employables and unemployables, during September, 1937.

The CHAIRMAN: It will have to be with the unanimous consent of the committee.

Mr. WALSH: Figures are given for heads of families, single cases and dependents, both employable and unemployable, and then there is a recapitulation. With the consent of the committee, I should like to place these figures on Hansard. They are as follows:

Department of Unemployment Relief—City of Montreal
Persons Given Relief, Employables and Unemployables, During September, 1937

	Men		Women		Total	
Employable	1936	1937	1936	1937	1936	1937
Heads of families	25,567	18,820	4,855	2,889	30,422	21,709
Single cases	6,531	3,978	2,891	1,509	9,422	5,487
Dependents (more than 16 years old)	8,705	6,355	6,724	5,156	15,429	11,511
Total employable	40,803	29,153	14,470	9,554	55,273	38,707
Unemployable						
Wives or housekeepers	....	....	24,999	18,673	24,999	18,673
Dependents (less than 16 years old)	34,274	25,094	33,839	24,620	68,113	49,714
Dependents, to school (more than 16 years old)	851	562	567	354	1,418	916
Dependents (more than 16 years old)	964	284	1,422	703	2,386	987
Total unemployable	36,089	25,940	60,827	44,350	96,916	70,290
Recapitulation						
Employable	40,803	29,153	14,470	9,554	55,273	38,707
Unemployable	36,089	25,940	60,827	44,350	96,916	70,290
Grand total	76,892	55,093	75,297	53,904	152,189	108,997

Employable dependents of 16 years old and more: having previously been employed, 6,436; never having been employed, 5,075; total, 11,511.

Mr. DUNNING: Where are the figures from?

Mr. WALSH: From the department of unemployment relief of the city of Montreal. They were given to me by the metropolitan commission. I have also before me a recapitulation for the months of January, February and March. I should like to quote these figures to show that in the city of Montreal there has been a steady and appreciable increase in the numbers of unemployed during the past three months. In the month of

January, 1937, there were 35,875 heads of families on relief. That figure dropped to 25,167 in January, 1938. In February, 1937, there were 35,890 heads of families on relief as against 25,636 in February, 1938. In March, 1937, there were 35,322 as against 25,867 in March, 1938. There had been an increase in the number of heads of families on relief from 25,167 in January, 1938, to 25,867 in March, 1938. This increase can be accounted for only by the fact that conditions in that city were not what they had been a few months previously. Apparently another recession has occurred. Whether that recession is of a permanent or a temporary nature, we are unable to tell at the present time. There were 5,433 single cases on relief in January, 1938, and this number had increased to 5,769 in March. The total for January, 1938, for all persons on direct relief was 125,015, and this had increased to 128,742 in March, 1938. These figures show that the number on relief was steadily on the increase.

For my own information and that of those who are particularly interested in Montreal, I also found out the racial origins of those who were unemployed in that city. We have French Canadians unemployed to the extent of 78·5 per cent. Of course we must bear in mind that over 70 per cent of the population of Montreal is French Canadian. Other percentages are: English Catholic, 6·25; English Protestant, 6; Italian, 3; Jewish, 1; other nationalities, 5·25,—all on direct relief in the city of Montreal.

With the unanimous consent of the committee I will place before hon. members the figures obtained through the same source, namely the department of relief through the office of the metropolitan commission. These statistics show the ages and the causes of certain incapacity when it is referred to as "incomplete capacity," with categories of married, single, widowed and so on. I have this statement before me. If the committee would give me permission to place it on record it would save me the trouble of reading the figures.

Department of Relief—City of Montreal

(Statistics of persons of 16 years old and more, able to work, having been on relief during September, 1937)

Ages	Heads of families	Persons	Cases total	Dependents	Total
16 to 19 years old	113	18	131	5,776	5,907
20 to 29 " "	3,592	387	3,979	4,319	8,298
30 to 39 " "	6,967	871	7,838	603	8,441
40 to 49 " "	6,014	1,379	7,393	214	7,607
50 to 59 " "	3,396	1,694	5,090	272	5,362
60 to 69 " "	1,592	1,100	2,692	300	2,992
70 years old and more	35	38	73	27	100
Total	21,709	5,487	27,196	11,511	38,707
Complete capacity	18,304	4,215	22,519	10,958	33,477
Incomplete capacity—					
1. Sickness	334	86	420	94	514
2. Infirmity	540	205	745	200	945
3. Age	1,455	934	2,389	239	2,628
4. Mental sickness	9	9	18	11	29
5. Idiot	1	5	6	0	6
6. Broken home	830	4	834	1	835
7. Unmarried mothers	131	1	132	3	135
8. Addict to drugs, or alcohol	0	4	4	0	4
9. Other causes	105	24	129	5	134
Total	21,709	5,487	27,196	11,511	38,707
Sex—					
Men	18,820	3,978	22,798	6,355	29,153
Women	2,889	1,509	4,398	5,156	9,554
Total	21,709	5,487	27,196	11,511	38,707

Department of Relief—City of Montreal—Continued
(Statistics of persons of 16 years old and more, able to work, having been on relief during September, 1937)—Continued

Civil State—	Heads of families	Persons	Cases total	Dependents	Total
1. Single	1,444	3,536	4,980	....	....
2. Married	17,525	288	17,813	....	....
3. Widower	1,281	450	1,731	....	....
4. Widow	567	626	1,193	....	....
5. Concubine	57	0	57	....	....
6. Separated	500	401	901	....	....
7. Abandoned	332	182	514	....	....
8. Divorced	3	4	7	....	....
Total	21,709	5,487	27,196	11,511	38,707

I have also the same figures showing the number of unemployed by trades and professions, and then a recapitulation of all these figures that I am submitting.

Department of Unemployment Relief—City of Montreal—December 10, 1937
(Classification of unemployed receiving direct relief and their dependents, aged 16 and more, and able to work during September, 1937)

Classification Professions	Heads of families	Dependents	Total
Lawyers	2	1	3
Notaries	3	..	3
Doctors	2	..	2
Dentists	4	..	4
Opticians	4	1	5
Graduate nurses	35	18	53
Teachers and institutors	51	11	62
Civil engineers and surveyors	6	2	8
Chemists	11	6	17
Accountants	73	2	75
Architects and draftsmen	13	..	13
Artists, sculptors and painters	10	2	12
Journalists	8	3	11
Musicians	51	8	59
Photographers	12	4	16
Others	12	5	17
Total	297	63	360
White collar			
Office workers	637	154	791
Salesmen	167	11	178
Store clerks, messengers	1,291	1,187	2,478
Managers, industry and commerce	188	8	196
Other employees of commerce	86	..	86
Bank, real estate and insurance clerks	29	3	32
Insurance agents	88	1	89
Civil employees	39	6	45
Actors	21	3	24
Theatre employees	6	1	7
Sport managers	6	1	7
Restaurants and hotel employees	813	177	990
Barbers and hairdressers	227	27	254
Domestic servants	2,893	918	3,811
Total	6,522	2,525	9,047
Building trades			
Masons, brick and stone, and apprentices	201	13	214
Carpenters and apprentices	1,124	40	1,164
Plasterers, finishers (cement) and apprentices	349	20	369
Latteners and apprentices	82	12	94
Electricians and apprentices	294	28	322
Painters and glazers	1,369	97	1,466
Plumbers, steamfitters and apprentices	550	54	604
Structural steel workers	68	5	73
Assistants and labourers	3,654	234	3,888
Foremen	89	5	94
Total	7,780	508	8,288

These figures show that the greatest amount of unemployment is in the building trades. That is why I have emphasized the desirability of a slum clearance and housing program. Most of the unemployment in Montreal, as well as, I understand, in the other large cities of Canada, comes under the classification of those engaged either directly or indirectly—mostly directly—in the building trades. Of the total number, 38,707, of the family heads and their dependents over sixteen years of age who are listed as employable, in receipt of direct relief during September, 1937, the last date with respect to which I was able to obtain data, 8,298 are normally engaged directly in the building trades; that is 21·4 per cent of the total. In this connection it is interesting to note that at the present time—I am speaking of April, 1938—the basic costs of direct relief are borne by the federal, provincial and municipal governments, each paying one-third. I wish to point out and to emphasize that although it appears that the municipal government is paying only one-third of the cost of unemployment in Montreal, that is not exactly the case. In reality it works out that Montreal is paying approximately fifty per cent of the total cost of the unemployment situation over which they are at present trying to take control. Montreal assumes the full cost of administration expenses as well as certain supplementary costs such as medical and dental services, electricity, returning unemployed to their place of legal domicile, surplus rent, etc. The department of unemployment relief estimates that, including the supplementary costs referred to in the foregoing paragraph, Montreal is now paying approximately fifty per cent of the all-inclusive cost of direct relief.

It is a question in my mind how long a city like Montreal, with its tremendous debt burden, can bear the excessive expense to which it is being put. I have here statistics prepared by Mr. Lactance Roberge, director of finance for the city of Montreal. He prepared a statement to present to a meeting of aldermen in that city, and the following indicates what he is reported as having said in introducing it:

> In special caucus called to listen to complaints from aldermen and others on dole administration, councilmen yesterday heard director of finance Lactance Roberge warn the city that if present dole payments by the city continue, in the next few years Montreal will be facing a financial hole, with fixed charges of sinking fund and interest for dole eating up as much as the dole itself.

Then he went on to give the actual figures compiled as from the year 1930 and carried them on through to the year 1950. I shall not read all the figures, but I want to read the concluding part of his statement. It shows that the interest on the amount of money that the city of Montreal has borrowed for dole or relief purposes from 1930, and will borrow, if the present system is continued, down to the year 1950, will together have amounted to $32,508,966, and the sinking fund which is necessary to look after that would amount to $20,401,509, making a total of $52,910,475 required for interest and sinking fund alone at the end of 1950. And whereas in that year the total amount required for the actual expense of the dole will be $5,985,000, the amount of $5,780,066 will then be needed for sinking fund and interest on the amount borrowed up to that time. Probably Montreal is only one city which is handling its dole or relief system in that way. Many other cities also are borrowing to meet these payments. How can they continue to do so? The municipalities simply cannot stand the financial strain and burden which are being placed upon them. It is for that reason I urge that the municipalities should be taken more into the confidence of the minister and be given a larger say in the matter, to explain what they think should be done; for in the end they are the people who will find it hardest to pay for what is being done. They are accumulating a huge debt, with an enormous sinking fund required annually and huge interest obligations, which they will not be able to pay and meet the other ordinary expenses which are incurred by a city such as Montreal.

In clause 3 the minister refers to the fact that he proposes to undertake certain public works. I would urge that the minister, in giving consideration to these works, should not fall into the error that the authorities in the city of New York fell into in not seeing that at least fifty per cent of those given employment under these public works programs were taken off the direct relief roll. It seems to me that fifty per cent is rather a small percentage to expect to be removed from the relief rolls; I should look to see a much higher figure. I was examining an article written about the city of New York wherein it was said that with all these huge public expenditures in and around the city they were able to take off the public relief rolls only fifteen to twenty per cent of those actually on the rolls. We in this country, I think, should attempt to go very much higher than that and to take off at least fifty per cent, so that these people should get back into a state of employment; for I notice that if a person once gets back into employment he is more likely to stay in that position

and keep off the rolls than if he is continued on the rolls, merely looking for a position and not able to find one.

I read with a great deal of interest in to-day's Hansard the remarks of the hon. member for Huron North (Mr. Deachman) and also those of the hon. member for Rosetown-Biggar (Mr. Coldwell) and for the most part I am in accord with their particular reference to unemployment and their suggestions along that line. They are rather vigorous in their criticism of the policies of the present government and the lack of anything definite or concrete actually before us. In discussing this bill, I for one cannot see why the Minister of Labour cannot stand before parliament and, instead of telling us to wait for the supplementary estimates or to wait for something before disclosing the whole program, give us in concise terms exactly what his department proposes to do in order to carry out the provisions of the bill that we are now studying. I do not think it is asking him to do too much to take the members of the house into his confidence, because they are deeply interested in what the government are going to do in the immediate future. I know he proposes to make that statement before the house rises, probably when the other estimates are before the house; but here is an important bill, and many members have expressed a desire to know exactly what the government intends to do. The minister should be in a position now to express an opinion and to give the house very definite information as to what he has in mind at the present time in regard to employment relief in Canada. I hope that before the debate concludes he will have a detailed statement ready to present to us.

It was rather gratifying to listen to the hon. member for Brant (Mr. Wood) last evening. He brings with him into debate a wholesome atmosphere, and in my opinion, if there were more solid, staid Canadian citizens like him this country would be better off and we would have less unemployment. I rather like his complimentary remarks to the Minister of Labour and his sympathy with him as he listens from day to day to the debates in this house, particularly on this measure, and I hope that the minister will take cognizance of what the hon. gentleman had to say, especially the commonsense point of view he gave to the house in reference to many of the suggestions that are indirectly referred to in this bill. I have already referred to the fact that the building trade was the one most seriously injured. The member for Brant last evening made reference to higher wages being paid in the city, and he did not think that was a cure for unemployment. I want to assure him that the country is always more prosperous when higher wages are paid in the cities. Thereby more purchasing power is put into the cities to relieve the agricultural population of their produce at a higher price than they would otherwise obtain.

Mr. DEACHMAN: Real wages, or money wages?

Mr. MacINNIS: Wages add to cost.

Mr. WALSH: Yes, but they benefit the farmer. If the hon. gentleman will study Canadian history from the point of view of our economic progress he will notice that the most prosperous times have been when wages were higher in the cities.

Mr. DEACHMAN: Real wages, or money wages?

Mr. WALSH: Money wages.

Mr. DEACHMAN: Money wages and real wages are two different things.

Mr. WALSH: I prefer to talk in terms which the workingman can understand. I am referring to the money that is put into the pay envelopes of men who are employed for seven, eight and nine hours a day. When those wages are high you put greater purchasing power into the hands of the workers and they are able to use it to advantage, and as they use it agriculture and other industries develop and thrive. On the other hand, if you put low purchasing power in the worker's hands it depreciates the products of other people who are engaged in either primary or secondary industry. That is a well-recognized fact.

Mr. THORSON: It is the other way round.

Mr. WALSH: No, it is not; you have to look at it from the broad point of view of the workers.

Mr. MUTCH: The hon. gentleman should distinguish between wages and purchasing power.

Mr. WALSH: Wages and purchasing power are very much the same thing. If I have a thousand a year with which to make purchases and that is reduced to five hundred, my purchasing power is restricted by $500

Mr. MUTCH: We have had the experience of possessing $1,000 and finding it worth only $500 or $700.

Mr. WALSH: You have to take the wage of any particular class and compare it with what is paid for the services of other people in similar walks of life. It is no use arguing

the point; it is obvious to anyone who will give it proper attention. The question must be looked at not from any narrow point of view, not only from the point of view of the workers, but from the point of view of every Canadian citizen who is interested in the maximum distribution of money, wages paid in the country. If we can get that maximum distribution there will be little or no unemployment.

I have in my hand the "Report of the Investigation Committee re Unemployment", in the city of Montreal, and I notice certain very broad features in connection with the building trade. I see that from 1925 down to 1936 there was at first an increase up to the year 1929 from $25,000,000 to $46,000,000, in the total amount of building being done in the city. Then it gradually decreased until in 1936 it had gone down to $6,905,323. I read these figures in order to emphasize the tremendous decrease in building operations in the city of Montreal alone, and that accounts for a large part of the unemployment, and hence the number on direct relief. That is why I urge slum clearance and a cheaper housing program for the larger centres in order to stimulate industry in the building trades. If we make a comparison between January 1 and May 31, we find that there was an increase from $1,698,067 in 1936 to $2,992,235 in 1937. On the same page, under the heading Loan Facilities, the statement is made:

> Statistics of the last three years show that while savings are gradually increasing by 900 millions per year, loans to business and money in circulation are constantly decreasing. Means shuld be taken to prevent this decrease.

Again looking at the "Report of the Investigation Committee re Unemployment", city of Montreal, page 29, we find that in 1936 deposits in bank savings amounted to $18,218,588,511; loans to business in the same year amounted to $8,384,277,880; money in circulation in the same year amounted to $1,434,067,677. If we compare that with 1935 and 1934 we find a decrease in loans, showing that we are gradually receding as far as loan facilities are concerned. And that is not in any way helping to make matters better as far as Montreal is concerned. These observations are not made in the spirit of political criticism; I did indulge in that when the minister first introduced his motion covering this bill, and I felt I was justified in doing so on that occasion. But to-day I wanted to put before the minister these facts with particular reference to the city of Montreal, not only because I am particularly interested in that city but also on account of it being a centre from which I could get direct and authentic information, and knowing that conclusions drawn from that authentic information could be applied to other large centres in Canada. I urge upon the minister the necessity of giving serious consideration to a slum clearance program in the larger cities, and the building of low rental houses.

Have we had tabled in the house any report of the employment commission in connection with low rental houses, or slum clearance, or both? If not, will such a report be tabled? For I understand that the employment commission made a very complete study of general conditions not only in Canada and the United States but also in Great Britain and some European countries. I know there is reference to it, but I wonder if a complete and detailed report, making certain suggestions and recommendations, has been before the government but has not yet been placed before this house, something on which we could base an argument for immediate action which would bring alleviation to the building trades of this country.

Mr. ROGERS: The report of the national employment commission does contain what in the view of the commission itself was a summary of their plans with respect to low rental housing. I am speaking now not of the earlier references to housing, but of the statement of the plan as set forth in the appendix to the report. That does contain to my knowledge the entire plan submitted by the national employment commission with respect to low rental housing.

Mr. WALSH: Then the full report of the national employment commission has not been placed before the house?

Mr. ROGERS: I am not able to say at the moment from recollection how much more extensive was the recommendation made to the government on low rental housing, but certainly this contains the summary, and was submitted as such by the commission.

Mr. STEWART: The debate on this bill has extended over a considerable length of time, and been characterized by repeated demands and continued pressure upon the minister for more information and for details of the program he has in mind. We have had before this house seven or perhaps eight bills for the relief of unemployment. Reviewing them all and looking now at Bill No. 105 at present before this committee, I fail to find in any of these bills very many differences in the general scheme and outline and plan proposed for the relief of unemployment. I recall that in years gone by when bills such as this were

first introduced there was strong pressure, carried to extreme limits, for details, estimates, statements of policy. I submit that after this lapse of time, and after the setting up of an employment commission whose investigation covered at least a year and cost hundreds of thousands of dollars, hon. members are not unreasonable in pressing the minister for a more detailed and more expanded program than has been presented in the past. I submit in all seriousness that at this stage we have a right to ask the minister for much more information, much more detail, much fuller explanation of the plans of the government for the coming year—if they have any—than hitherto we have had.

One criticism in particular of the bills brought in from 1931 to 1935 was, as the minister well knows, that they were in the nature of a blank cheque; that they gave to the governor in council authority and discretion to do practically anything and everything. I ask the minister to compare this bill with the others and to point out, if he can, how it materially differs in that respect from any of its predecessors.

Mr. ROGERS: The matter of parliamentary appropriations, of course, is a material difference.

Mr. STEWART: I do not think that makes a bit of difference.

Mr. ROGERS: It bears directly on the blank cheque question.

Mr. STEWART: I think not. I expected the minister to make that point. We have parliamentary appropriations with respect to certain items, not all. But where do parliamentary appropriations come from? They come from the governor in council; it is the governor in council who places before this house estimates of what is to be expended.

Mr. ROGERS: But there is a limitation upon them.

Mr. STEWART: This bill says that the governor in council shall determine what expenditures shall be made out of moneys which are provided by the governor in council. What authority has any hon. member of this house to increase or modify by one dollar the appropriations made by the governor in council?

Mr. ROGERS: The appropriation is a limitation. With a blank cheque there is no limitation. Surely that is a material difference. Under the blank cheque legislation there was no limitation of any kind, with respect either to the amount or to the direction of expenditure.

Mr. STEWART: It is a distinction without a difference; for there is no limitation now upon what the governor in council may place in those estimates. The estimates for this purpose may be $20,000,000, $50,000,000 or $100,000,000; there is no limitation. So in the end it is fixed by the governor in council, and it is the governor in council that has control of it. In section 3 I find these words:

> The governor in council may out of moneys appropriated by parliament authorize the execution of such undertakings as the governor in council may determine—

Then in subsection 2 of the same section:

> In the execution of any such undertaking provision shall be made, so far as it may be in the opinion of the governor in council practical and consistent with reasonable efficiency—

And so on. Then in section 4:

> The governor in council may enter into agreements—

Then follow two or three subdivisions. Then section 5:

> The governor in council, where necessary, may out of any unappropriated moneys in the consolidated revenue fund grant financial assistance to any province—

And so on. Then in subsection 2 of section 5:

> The governor in council may renew or consolidate for such periods and upon such terms as the governor in council may determine, loans, advances—

And so on. Then further on in the same section:

> —may accept such treasury bills, bonds, debentures or other securities as may be approved by the governor in council—

Then in section 7:

> The governor in council may make all such orders and regulations as may be deemed necessary or desirable to carry out the purposes and intentions of this act.

Section 8 provides:

> All orders and regulations of the governor in council . . . shall have the force of law and may be varied, extended or revoked—

Then section 10:

> Subject to the approval of the governor in council the minister may appoint such officers, clerks and employees—

So it is my contention that in all essential respects and for all practical purposes, considering that the estimates in the first instance are determined and settled by the governor in council, the administration of the act and the amount to be expended under it are

within the control of the governor in council. In that respect it does not differ from previous bills, and I do not see how it could well differ. It is difficult to ascertain or anticipate what may be the requirements, and under the circumstances the governor in council must have a wide discretion. I am simply mentioning this in answer to the criticism of years gone by in regard to the policy that was adopted.

As I have said, the minister has been pressed for information. It seems to me that if he had adopted the course that was followed last year his position would have been much better to-day. Last year the special supplementary estimates which accompanied a similar bill were tabled in the house at a comparatively early date. According to the journals of the house they were brought down on March 3, and from that time on the members of the house had before them details of the expenditures proposed by the government for these purposes. A summary of those estimates shows that $19,000,000 odd was included for grants in aid. In going through these estimates one finds large items, such as must be expended under the terms of this bill. For instance, there was item 302, under the Department of Labour: To provide for federal contribution to provincial and municipal relief projects, $7,000,000 odd. Item 304: To provide for federal contribution to farm employment and supplementary plans, $3,000,000 odd. Item 308: To provide for development and training projects for unemployed young people, $1,000,000. Item 309: To provide for direct relief in the dried out areas, $2,000,000. Then: Grants in aid: amount required to provide for monthly grants in aid to the provinces, $19,500,000. So, as I have mentioned, every member of this house had information as to the amount which would be available for expenditure during the coming year under the provisions of the bill.

The second reading of the bill similar to the one we are now considering did not take place until March 31, 1937. Now, for some reason which the minister may be able or may desire to explain, a different course has been followed. This house is asked to consider and pass this bill in this blanket form, without information similar to that which was furnished last year; without any estimates before it and with the knowledge that when the estimates do come down they cannot be increased by one dollar. Under these circumstances I ask the minister if he thinks the members of this committee are acting unreasonably in pressing for this information. Here we are in the month of May. We ought to be beginning work for the relief of unemployment, but we have not the estimates before us. Last year we had them on March 3, and it was possible to consider the bill in the light of those estimates. Why was not a similar course adopted this year? Cannot the government make up their minds, with the report of the employment commission before them? Why are they withholding from this house their plans, their program, their intentions, and a statement of the amount of money that they expect to expend for the relief of unemployment during 1938? That is what the members of this committee wish to know. That is what they are pressing for, and I do submit to the minister that the position they are taking is fair and reasonable, and the only one that will enable the committee to come to a conclusion as to whether the plans proposed are adequate or inadequate; whether they are sufficiently broad and comprehensive.

I had hoped that in view of the statements of the minister on previous occasions we would have had presented a plan covering more than one year. The minister has spoken of a long range program, but here we have the same old proposition. This act expires March 31, 1939. There is no provision, no plan, no scheme, no program except a temporary makeshift one for the year 1938. There is no housing plan, so far as we know. I do suggest to the minister that we might embark upon a program to cover more than one year, for the construction of highways, particularly in connection with secondary roads rather than main highways, of which we have perhaps enough for the time being.

Mr. ROGERS: Would not my hon. friend think that secondary roads, even more than main highways, were principally a provincial responsibility?

Mr. STEWART: That may be so, but each year it is growing more difficult to draw the line between federal, provincial and municipal responsibility, and to divide the work and the cost of unemployment relief. I do suggest that at this time there is less cooperation among the municipalities, the provinces and the dominion than there ever was, so far as unemployment relief is concerned. All one has to do is to take note of what he reads in the press. There we find evidence that some of the provincial authorities criticize the dominion government for evading responsibilities, and the municipalities criticize provincial and federal governments for the same

reason. To my mind it has become at least to a certain extent—and I do not use the term offensively—a process of chiselling, where each one sees how much it can get from the other.

I believe we are driven to find any field of employment in which men can usefully be set to work. We cannot draw the line too finely as to whether it is municipal, provincial or federal. Reforestation and works of that kind might be undertaken as a program not for one year—that is the point I am impressing upon the minister—but extending over several years. In view of the statements made by the minister respecting plans, and in view of the visions he had outlined of a program covering a long-range attack, I had expected something greater than a program for only one year. I would suggest that it be laid out for a number of years, and that enough money be appropriated to make available a certain amount over a period of five years to overtake the work. There is enough useful work to be done in Canada to extend over that length of time, and I would urge the minister to consider something of the kind.

Almost every criticism has been advanced, and it is not my desire to take up further time. I do not wish to embarrass the minister in connection with the problem before him for solution, but I do say that if he had adopted the course followed last year and had brought down estimates much time would have been saved, much information would have been available and we would have had some understanding of the plan the government intends to follow, a plan which at present is obscure and about which we know practically nothing. We are asked to pass the bill, and then when estimates are brought down—which we cannot increase and the points concerning which the governor in council will settle and determine—it is out of these and these alone that anything can be done.

I suggest the minister might well leave the bill in committee until he places the estimates before the house as he did last year. I would ask him to make clear in what respects this measure is an expansion or extension or development of or an improvement upon any of the plans submitted in the last six years. Wherein is it wider or more comprehensive? Wherein is it better than any which have been proposed previously, and to what extent has the report of the employment commission influenced or expanded the program? Is anything to be done as a result of the recommendations of the employment commission?

I repeat that the minister would make better progress and would receive greater support from hon. members if he would bring down the estimates to which the bill refers and out of which all the activities here outlined must be provided for. Otherwise we are giving a blank cheque and cannot come to any intelligent conclusion as to whether or not the program is sufficient or will really meet the requirements. Under the present procedure, when the estimates are brought down we will be in the unfortunate position of having our hands tied by the passage of this measure, and will be unable to increase the amounts appropriated. If the amounts are insufficient we shall have committed ourselves in advance. I do not wish to say more with respect to section 3.

Mr. ROGERS: I assure the hon. member that there has been nothing deliberate or sinister in the fact that the bill has been introduced in advance of the supplementary estimates.

Mr. STEWART: I did not suggest there was anything sinister.

Mr. ROGERS: I understand that; but I want to remove any possible misgiving in that regard. It is true that last year the bill was introduced at about the same time the special supplementary estimates were brought down, and those estimates were before the house when the bill was under consideration. I believe I am correct when I say that in the previous year that was not done, and at that time we were in a position somewhat similar to that in which we are to-day.

As to the reasons, I would point out that this year, as already indicated by the Minister of Finance, it is the intention to combine the final with the special supplementary estimates. Last year there were three sets of estimates, namely the main estimates, the special supplementary estimates and the final supplementary estimates. This year it is the intention to combine the last two sets, and to dispense with the final suplementary estimates which were brought down just before the close of the last session. Of necessity that has entailed some delay in the submission of the estimates with which presumably this measure will deal.

May I point out, as I have done before, that the provisions of the present measure are as wide as the provisions of any bill could be in enabling the government either directly or in association with the provinces to make expenditures for the relief of the unemployed.

Mr. STEWART: Is it wider than any of the other bills?

Mr. ROGERS: Precisely the same in that regard.

Mr. STEWART: Exactly.

Mr. ROGERS: My point is that I can conceive of nothing in the consideration of the supplementary estimates to follow which might affect what the house might wish to do with respect to the present measure, because it simply gives authority to the government to make expenditures to deal with unemployment and agricultural distress.

Mr. STEWART: That has always been the practice.

Mr. ROGERS: Yes, I agree that has always been the practice, and I also agree that if, as the hon. member suggested, instead of having this as an annual bill it had been submitted without any date of expiration indicated, no possible question would have arisen here with respect to the authority under which we might act. All the discussion of the past two weeks would have taken place, and properly so, in the consideration of the supplementary estimates. If the hon. member will look back at the special supplementary estimates of last year he will find items 301 to 311 listed, and under each of those items he will find provision for specific expenditures in relation to unemployment and agricultural distress.

I have taken occasion to say to the house that with respect to at least most of these matters the experience of the preceding administration and that of this one has suggested that these forms of aid should be continued. I refer particularly to grants in aid, grants for drought relief, for farm employment, for youth training and for agricultural reestablishment.

Last night I said that any legislation with respect to housing would have to take the form either of new legislation or of amendments to that which now exists. That is not a matter which under the present distribution of legislation in this government comes under the Department of Labour. It might be dealt with under the bill now before us, but I feel it could be dealt with more suitably under special legislation. Both the Dominion Housing Act and the Home Improvement Act were dealt with in that way, and both are administered by the Department of Finance. They are concerned almost wholly with financial provisions in the form of loans.

I do not know that I can say anything more in answer to my hon. friend, who has made what I think is a perfectly fair criticism from his point of view. I have tried to point out why this bill precedes the supplementary estimates. I wish it were otherwise, but that is how it stands. It is the intention to have two sets of estimates instead of three as we had last year, and this has involved rather more delay in the presentation than might have been the case otherwise. I cannot see that the action to be taken on this bill, which after all confers general authority upon the government, would be influenced in any degree by a discussion of particular items of expenditure which might appear in the supplementary estimates.

Mr. STEWART: Perhaps I did not make my point clear enough. My point was that the housing act or anything which might be designed for the relief of unemployment in any way should have been before the committee before this bill was introduced or pressed to a conclusion. What the minister says about the items for the relief of unemployment is perfectly correct, but the supplementary estimates contained a large number of items for public works. I did not refer to them, but there was a long list of large appropriations.

Mr. ROGERS: I was correct in saying that there were three sets of estimates last year.

Mr. STEWART: Quite right, but the final set of supplementary estimates was for a comparatively small amount, $11,000,000. The special supplementary estimates to which I have referred amounted to $96,000,000 odd. Those estimates included some items which should not have been included because they were for government-owned enterprises and should not have found a place in supplementary estimates in connection with the relief of unemployment. There was $36,000,000 voted for government-owned enterprises. I can understand that it would be well, as a matter of bookkeeping, to have these estimates brought down together. I suggest that it would be well to have many items of the supplementary estimates included in the main estimates, but I submit that this unemployment relief measure should have the right of way over everything else. It is the most important measure before the House of Commons this year, and any minor convenience in connection with the preparation of a second set of supplementary estimates should give way to the greater need of having the program complete at the earliest possible date. I think the minister will agree with me when I say that it is rather late in the year. We should be working on these things. We are into the month of May and we ought to be putting men to work.

Mr. ROGERS: That is why I was anxious to get the bill through as soon as possible.

Mr. STEWART: Quite so, but your estimates are not down. Getting this bill through cannot help you.

Mr. ROGERS: This bill would give us authority.

Mr. STEWART: The moneys must be appropriated. If the minister got his bill through to-night he could not expend a dollar of the money until parliament had voted the money under estimates which have not yet been brought down.

Mr. BONNIER (Translation): Mr. Chairman, the observations of the hon. member for Mount Royal (Mr. Walsh) prompt me to say a few words in order to show his inconsistency. About a month ago, the hon. member criticized the ministers for their methods in stating during the St. Henry by-election campaign that the unemployment situation in Montreal made it necessary to complete certain works undertaken in that city. To-day he seems to contradict himself, since he admits that there is grave distress in Montreal. But he forgets to say that the expenditure for relief in the city of Montreal has greatly diminished during the past year. From $10,526,000 in 1936 it has fallen to $8,600,000 in 1937, a decrease of approximately $2,000,000. While not entirely satisfactory, this decrease is quite substantial.

As the hon. member for Mount Royal now claims that the situation is serious in Montreal, he should not have objected the other day to the completion of the tunnel and of the central station which are indispensible to that city. I am still of the opinion that direct relief should never have been initiated by any government, but, in the present circumstances, we are compelled to suffer the consequences of the acts of his friends who were in power at the time.

Mr. PELLETIER: The minister may think me rather insistent, but I should like to refer him to the statement he made last night. He said:

> I should like, however, to discuss the references made to the importance of a Peace River outlet. Highway connection with the Peace River is, I believe, appreciated on all sides of the house.

The minister has had time since yesterday evening to formulate some plan about this project; he has had an opportunity to discuss the references made to a Peace River outlet, and I should like to know if he is willing to make a statement.

[Mr. Rogers.]

Mr. ROGERS: My hon. friend is optimistic if he thinks that I have had sufficient time to consider the matter or that I have the authority to commit the government to the expenditure of the amount he has suggested. I am sure he is aware of that. I did tell him deliberately that I felt that the importance of having a Peace River outlet was appreciated on all sides of this house. But surely he understands that even though I had the authority to say here in connection with his representations, "Yes, on behalf of the government I say that this road will be built," that would not be a satisfactory method of conducting government in this country. He knows perfectly well it would not. I suggest to him that his question is really not a relevant question at this stage.

Mr. PELLETIER: The hon. member for Leeds (Mr. Stewart) put the situation very well. After this bill passes the house the estimates will be brought down, and the minister himself has stated that they are to be consolidated, that there will not be three sets as there were last year. How are we to know what is to be undertaken? I did not expect the minister to commit himself to a definite project, but if he could say--

Mr. ROGERS: I thought that was what my hon. friend was asking me to do.

Mr. PELLETIER: I am sorry if I conveyed that impression. I wanted to know if the minister was in a position to say that he was favourable to such a project. I did not expect him to commit himself definitely and say, "Yes, it will be done." I realize that that is not possible.

Mr. ROGERS: Suppose I were to say that as Minister of Labour I was favourable to the project, and subsequently the matter was considered by the government, as all matters of expenditure must be; if it was not agreed to then I would be in the position of appearing to favour something which the government could not undertake. That would not be a tolerable situation. That is why, when any of these representations are made with respect to expenditures of public money, decision has to be reserved until they can be considered by the government and supplementary estimates brought down, which after all represent the considered opinion of the government as a whole. As my hon. friend is aware, when estimates are brought down they are preceded by a message from His Excellency the Governor General, and these formalities are desirable in order that there shall be a satisfactory control over expenditures. I could not say more to him with

respect to this particular project than I said to him last night. I am quite sure that upon reflection he will appreciate that.

Mr. PELLETIER: I quite agree, except that the remarks of the minister may have led me to believe that possibly he would have had more to say about the matter than he has at this time. However, I see the minister's position and quite accept it.

Mr. MARTIN: I do not want to hold up this matter, but as the representative of a constituency which has a great population of unemployed in the urban centres, I feel that I should make one or two observations, and it is particularly the remarks of the hon. member for Peace River which bring me to my feet. I may be doing his project and other similarly proposed projects a great injustice; but my impression is that the area from which he comes is not, in terms of unemployment, at all comparable with the great industrial centres where unemployment exists in very serious proportions. If one were to carry out the program suggested by the hon. member who has just spoken, there would not result in any substantial measure any real relief. I suggest to the minister that when he comes to consider what shall be done by way of works for those areas which find themselves in the greatest distress he should bear in mind, as undoubtedly he will, the need of providing work in those centres where work in temporary form is required most. A great road scheme, meritorious as it may be, would not be of very much assistance to the city from which I come. I cannot speak for Toronto, Hamilton and other industrial cities; but my impression is that a large road building scheme, while it may give work to many who probably need it, will not provide the same opportunities for others who undoubtedly need it most. I do not think one can stress this point too much.

I have sat through this entire debate; I do not believe I have left the house for ten minutes; and my earlier intention was to say something which now has already been said by many hon. members. I therefore wish merely to make this suggestion. The problem is particularly acute at this time, although not so acute as some have made it out to be. This condition exists, not so much because of what this government has failed to do, not so much because of what the previous government failed to do, but because when this country enjoyed prosperity we failed to take precautions to deal with a state of unemployment which has been traditional with us almost throughout our history. The right hon. leader of the opposition yesterday interjected a remark that in this respect unemployment was essentially a seasonal matter. That I think is true. I mention this, not with the purpose of suggesting extenuating circumstances for the minister or for the government, but as a fact which must be borne in mind in trying to meet this problem.

I suggest to the minister that either we are going to do something about this problem of unemployment or we are not; either we are going to spend the people's money in an effort to temporize with this problem or we are not. If we are going to take out of the public exchequer funds with which to provide in an artificial way employment for those who do not have it, we should do so in an effective manner; otherwise the economic waste, let alone the disastrous results which must follow from an attempt to impress upon sections of the unemployed that the government intends to take care of them when in the final resort the government for some reason or none finds that it cannot, will have more serious consequences than the attempt which has already been indicated.

I have tried, as I sat in this house during the last few days, to think of something to suggest to the minister that he does not already know, but I am afraid there is nothing I can say that he does not already know. The speeches that have already been given probably cover the entire ground. But I do suggest, in view of the brief presented yesterday by the Ontario government, that the record of practically every country in the western world in respect of unemployment insurance should convince this country of the need for it. The question arises whether we are to have unemployment insurance at the initiative of the provinces or of the federal government. My view is that unemployment is a national problem and that it is for this parliament to deal with it. I quite appreciate the attitude which will undoubtedly be taken by areas wherein the population is essentially rural and not urban. But I suggest that the economy of Canada is such that we cannot make distinct differentials in respect of geographical divisions. It is true one can speak of the western provinces, but in doing so one must not forget that that region contains cities. In British Columbia, of course, is the great city of Vancouver; in the maritime provinces there is Halifax as well as other large centres. To talk of unemployment insurance in terms

of only two provinces will not, in my judgment, adequately meet this problem of unemployment. I am particularly interested in unemployment insurance, for this reason. The workers in many of the factories of Windsor, for instance, are not employed for the full year. They will work for five, six, seven or eight months and then they are thrown out of work. In many cases they have to be maintained by the state, through the agency of the municipality or otherwise. That condition cannot go on forever. The longer we postpone action the more difficult it is going to be. Fully appreciative as I am of the great labour and sincerity the minister has put into his job, I suggest to him that it will be a matter of deep satisfaction to the people of Canada, and certainly to the area from which I come, if before this parliament rises we shall have at least taken steps to initiate a scheme of national unemployment insurance.

Mr. HEAPS: How can it be done under present circumstances?

Mr. MARTIN: I venture to suggest that this is the way to do it, that if we cannot get the provinces to agree to it we should assume that power. We have to face sooner or later the question of jurisdiction. We have to face sooner or later the continual shifting of responsibility from the provinces to the federal government and from the federal government back to the provinces and ultimately to the municipalities.

Mr. HEAPS: Is that not exactly what parliament did in 1935?

Mr. MARTIN: Well, parliament did it in 1935; but the situation to-day is altogether different. There are provinces that have already signified their willingness to accept a system of unemployment insurance, and in regard to those provinces you could have a scheme. I suggest, just as the hon. gentleman himself last night suggested, that if one or two provinces had the benefit of unemployment insurance, as in the case of old age pensions, the others would ultimately come in. But someone must make a start, and I suggest that if we postpone this question too long we shall find it will be too late to make the necessary start.

I want to commend the minister as strongly as I can for the work done on behalf of youth rehabilitation. It is all very well for some hon. members to say that nothing has been done by this government. That is not so. I say that the initial work done by the minister in ascertaining the scope and the nature of the problem, the registrations and the surveys that were made, is a work that was necessary, work that should have been done earlier, and if that work was not done it would simply have magnified the problem. With regard to youth rehabilitation there is in some provinces an inclination not to take the matter seriously. In my opinion this government has made a great contribution. First of all, there was the appropriation last year based upon similar appropriations from the provinces. That has already brought results and I would mention one illustration. In my own community the home training centre, while at the moment it affects only sixty young ladies, is nevertheless something that will prove of great consequence not only to these young ladies but also to others who will have the same opportunity later on; and I am glad to note that the minister hopes it will be possible to extend this work. I suggest that if it is in his power, those provinces which have not taken full advantage of the appropriation made by parliament should be asked to do so.

Mr. HAYHURST: In regard to these youth training centres, has not the province to take the initiative?

Mr. MARTIN: Yes, the administration is for the province; but if this parliament had not taken action it is fair to suggest that the provinces would not have acted. This parliament has made an appropriation of $1,000,000.

There is another observation I wish to make. We have heard a great deal about low cost housing. I do not think the minister requires from me, or anyone else, at this stage, arguments for or against this proposal. These, I am sure, are before him. I suggest to him, however, speaking in a representative capacity for an area where there is now a shortage of houses, that a wide embracing scheme of low cost housing would be a most effective measure of providing for the time being work in a city like Windsor. I also suggest that in considering the question of increasing our tourist trade, a city like Windsor, bordering as it does on the city of Detroit and on the great republic of the United States, presents opportunities for river front development and so on. This matter has already been discussed by the hon. member for Essex West (Mr. McLarty) and myself with the minister and his department. Schemes like that will prove of great assistance to that area.

I am fully conscious of the fact that I have merely made a few observations which will in no wise really help the minister. I am frank enough to admit that in trying to

consider this problem I find that the proposals put forward by the hon. member for Huron North and the hon. member for Rosetown-Biggar represent the two ends of this great question. We are passing through difficult times. Many of us believe that we are perhaps passing from one form of economic society into another. My own view is that certainly we are going through a transformation of our economic society. What the ultimate form will be I do not know and I do not believe that anyone does; but I do suggest, by way of brief comment upon what the hon. member for Huron North said, that a mere reduction of taxation, which I am sure is necessary, and a mere change of fiscal policy, will not take care of this problem of unemployment. Let us face that reality. On the other hand, in reference to what the hon. member for Rosetown-Biggar has said, I do not believe that socialism or the cooperative state, if established, would take care of the problem, because in those areas where the cooperative state exists, where there is socialism, you are still confronted with the problem of unemployment.

An hon. MEMBER: Not to the same extent.

Mr. MARTIN: The problem of unemployment in Russia is an acute one. I was reading only last night in Current History an essay on the cooperative state, and while I believe that offers perhaps more opportunity than the socialist state, even there you find the problem of unemployment. So that we are faced with two alternatives—one, a laissez-faire world, and the other a world in which the state has complete control of industry to the extent of ownership. In any event, whether the utopia of my hon. friends opposite is realized or not, the fact is that it is not here, and we are consequently compelled to deal at the moment with a very practical problem.

Mr. COLDWELL: Can the hon. member suggest a middle way?

Mr. MARTIN: I am trying to do that. I have been frank enough to admit that I find the problem fraught with all sorts of difficulty. We can spend millions for the time being to provide work, but we cannot go on doing that forever. In my opinion, an effective scheme of unemployment insurance, somewhat along the lines of the system in England, would take care of the unemployment problem, and during the period of transition those great sections of the unemployed not provided for in that way would be taken care of more effectively.

Mr. WOODSWORTH: How is it possible to build up a fund in Canada under existing conditions?

Mr. MARTIN: That is a perfectly proper question. If we were to adopt the English or the United States system, it would mean that there would be a period when unemployed individuals would not receive the benefit of it and thus we would have to take care of them in some measure. I think we would have to see that until such time as the scheme began to operate men would have to be provided, as they are now, with the necessities of life. We would have to face that aspect of the problem. It would mean the expenditure of a considerable sum of money, but we would have to do it. We must face the problem ultimately.

While the constitutional problem is a great one, and while there are indications now that some of the provinces regard unemployment insurance as essentially a provincial matter, my own view is that it is a national question and that it is for this parliament, while admitting the constitutional difficulty, to make a start. This whole question of conflict or jurisdiction might be treated compositely, that is by taking all questions in which it arises, lumping them together and making an issue of it. I have no doubt that if that were done public opinion in this country would subscribe to the view that in respect of essentially national problems this parliament should have the necessary authority. However, I believe that we can deal with unemployment insurance now. I venture to suggest that while one or two provinces might put obstacles in the way, the others would come in.

The Minister of Labour (Mr. Rogers) is charged with a great task. Any criticism made by myself, or I am sure by any hon. member, has not been against the minister personally—

Some hon. MEMBERS: Hear, hear.

Mr. MARTIN: I do not think there is anyone in this house or this country who could hold the portfolio of Labour with greater distinction and render greater service to the country than the present Minister of Labour. It is all very well to criticize his academic background and the like, but I would prefer to see my problems or the problems of the country in the hands of a man whose intellectual training is such as to give him some ability to determine rightly the courses he is taking. Some hon. members, I am sure, will appreciate the force of that statement. I say that not merely by way of empty compliment, but because I think this slight

tribute is due to one who has an extremely great task on his hands. I only hope that when he faces this parliament again he will receive credit for a ministry in which he has already displayed great ability and energy; that he will be able to show greater and greater results, and that not only because of what is done in this parliament; for, after all, this is not only a governmental problem but a problem in which industry and private enterprise have their share. If we could come to a basis of cooperative effort and aggressive leadership in this house I am satisfied something would be done.

Mr. HEAPS: Just a few remarks in reference to some statements made by the last speaker. In regard to unemployment insurance he said he favoured the idea of the government enacting legislation and taking a chance to see whether it was constitutional or otherwise. The hon. member, who is a lawyer and a student of constitutional problems, knows that is exactly what was done in 1935; upon the change of government the party now in power tested the validity of that legislation, and it was declared by the highest court in the empire to be unconstitutional. So if the present government followed that suggestion, we should be in the same position as we were at the beginning of 1936.

The hon. member, however, suggested other alternatives. He proposed that this government enact legislation along the lines of the Old Age Pensions Act, making it permissive for the various provinces to come in. If the government would make an act of that kind sufficiently attractive, I think many provinces, if not all, would elect to come under the operation of such an act. Whether or not it is advisable to do so, I cannot say. Another alternative is along the lines of legislation enacted in the United States, where they are confronted with the same constitutional difficulty. That country has also adopted permissive legislation, and I observe that at the present time nearly all the states have come within the provisions of the social security act enacted there. Then there is another alternative which I suggest, although I have not given it very serious consideration. In view of what was said by the premier of Ontario before the Rowell commission, there seems to be a good deal of conflict as to jurisdiction, as to which authority should undertake certain legislation. In certain provinces the idea seems to be that more power should be given to the provinces. But in regard to such questions as old age pensions and unemployment insurance I think it would be admitted on all sides that they are federal matters. Perhaps it would be well for us in this parliament to consider whether there should not be a national referendum on the question whether such problems as this should not be entirely under federal jurisdiction, and this federal parliament have the right to amend the constitution, giving to the federal authorities the right to legislate on such matters as unemployment insurance. I think if such a referendum were held it would show that the overwhelming sentiment of the electors of Canada is in favour of giving to the federal authorities the right to legislate on such matters. If that were done, we might once and for all do away with the conflict as to jurisdiction in matters of this kind.

Personally I am anxious to see the government enact legislation in regard to unemployment insurance. But even that is not in itself a sufficient remedy for the difficulties facing us at the present time. As pointed out so ably by the speaker who preceded me, in the city of Windsor many men work for only eight months in the year. It would be almost impossible to keep a scheme of unemployment insurance actuarially sound under such conditions, maintaining those people for the other four months of the year. Consequently, we have to go far beyond the mere question of insurance, and provide public relief works or private sustenance, as at present. However, I just rose to say that I am extremely anxious to see if the government cannot now find ways and means of doing something towards bringing into being a scheme of unemployment insurance. I fully realize the constitutional difficulties in the way, but if the government, even at this late date, with all the knowledge they have at their command and their skilled experts, brought in a comprehensive scheme, I am sure that ultimately the people of this country would commend the government for such action.

Mr. STIRLING: The section which we are now considering makes reference to financial assistance which may be given to projects under provincial jurisdiction. I understood the minister to say yesterday that it should not be taken for granted that the arrangements with the provinces would be identical with those of previous years. Would the minister elaborate a little on that? I should like to know whether the initiative will come from the provinces, as on occasions at least it has done in the past, by their submitting to the dominion government certain pieces of work which they would like to have undertaken with the assistance of the dominion government, after which of course, the

dominion government has to say whether that particular piece of work is suitable for the purpose or not.

Mr. ROGERS: I might refer back to what I said in this connection during the discussion of the resolution before the Easter recess. I pointed out that it would be the policy of the government to concentrate its expenditures on projects within federal jurisdiction. I am not in a position to go beyond that statement at the present time except to say that, in the expenditures to be provided for in the supplementary estimates, we propose to emphasize projects which will be within federal jurisdiction. It may be that there will still be some measure which will provide for joint works with the provinces; there may be a continuation of existing projects for which there will be a revote in the estimates, but in general the intention is to concentrate expenditures under federal jurisdiction and to avoid the difficulties—and to some extent the abuses—that have occurred under joint works programs.

Mr. JAQUES: Might I suggest that the problem is not so much one of unemployment as one of getting paid for employment. There is no difficulty in finding work; the difficulty is in finding money to pay for the work. In that connection I should like to read a short extract which throws some light on what I have just said. It is from The Art of Central Banking, by Mr. R. G. Hawtrey, who is a secretary to the British treasury. He says:

> The common factor in pre-war, and post-war, experience is the intimate association of the state of trade with the enlargements and compressions of consumers' income and outlay effected by central banks. If this fundamental casual sequence were understood, the public would hardly acquiesce in the central banks proceeding from their position of complacent detachment to generate depressions, unemployment, bankruptcy, budget deficits and defaults, with all the resulting political and social convulsions while government after government is broken because it can neither stem the flood of ruin nor even provide tolerable palliatives to alleviate the consequences.

When I previously read this quotation in the house, on February 28, I went on to say:

> The fact is that neither side can do anything until parliament regains control of the issue of currency and credit. The Minister of Finance (Mr. Dunning) can shake his head—

Mr. DUNNING: I did not say anything.

Mr. JAQUES: I am merely reading a quotation:

> Mr. Dunning: We have control of it right here. That is why I shake my head.

Since that was said, I cut a quotation out of the Financial Post. This is a report of what was said by Mr. J. A. C. Osborne, deputy governor of the Bank of Canada, when speaking in this city recently to the junior board of trade. The report states:

> He outlined to them the functions of the central bank. He pointed out that in many countries the policy of the government was the policy of the central bank, and declared "no respectable central bank would accept from its government a policy with which it differed fundamentally."

I might suggest, since we have an ultra respectable central bank in Canada, I have no doubt that they differ most profoundly with regard to policy. I have not the slightest criticism to make with regard to the ability of the right hon. Prime Minister or the members of his cabinet. With regard to the Minister of Finance, who of course has a thankless task, if I may risk being personal I sometimes think his manner is able to charm money out of the public. I confess that sometimes when I observe the minister smile—

Mr. DUNNING: I thought I had the reputation of being hard-boiled.

Mr. JAQUES: Well, sometimes when I observe the hon. gentleman's smile I confess that I find my hands straining towards my pockets. It is a pity they are so empty. I should like to pay the same tribute to the right hon. leader of the opposition and the late government. There is no one in Canada who does not realize the extraordinary ability and industry which the former Prime Minister brought to the conduct of the affairs of the nation. I say that simply because we in this corner believe that the trouble is not with governments; it is with the system which governments administer, just as Mr. Hawtrey says. That system breaks government after government; more than that, it is breaking the institution of parliamentary government itself. People are losing faith in the power or ability of parliament to achieve anything. There is no doubt of that, and the question is whether we are going to put the needs of the people first or whether we are going to put the needs of the financial system first. No man can serve two masters; neither can a government. They cannot serve the people and at the same time serve the financial interests.

When we come to unemployment we know, because we have recent history to back us up, that if we wanted to we could abolish unemployment to-morrow. We did it once, and no member of this house can deny it. During the war there was no unemployment, and if

war came again there would be no unemployment at that time Why? There is only one answer; it is that in the danger with which the country is confronted in the face of the enemy, all other considerations are put to one side; they must give way to the supreme duty of preserving the safety of the nation. In such times money is put to its proper use, and the financier is put in his proper place. Parliament asserts its real authority, and the money is found. It does not matter where or how it is found; it is found, and we could do the same in regard to unemployment if we wanted to. But we cannot do it and still preserve what is known as sound money, or, in other words, scarce money. That, as I see it, is the issue before the country. We can either preserve what we call sound money and sound economics, or we can adapt our economic system to a different age so that the people of Canada may be able to consume all they care to produce. When we do that we shall solve unemployment, and not before.

As for unemployment insurance, I am not going to say much against it. If the people want it, let them have it; but to my mind you might just as well take a case of smallpox and send it to a beauty parlour. Unemployment is not the disease; it is the symptom of a disease, and until we attack the disease, itself I do not think we can get very far with the symptom.

Those are all the observations I wish to make at this time. I know hon. members in this section of the house are laughed and jeered at, but I have heard nothing in or out of the house to check my belief in what we in this corner of the house say. If there are other remedies I should like to hear them, but so far I have not heard anything which offers a real remedy to the problem with which this and other countries are confronted to-day.

Mr. BENNETT: To the future student of history there will be nothing more interesting than the study of Hansard during the last seven or eight years. When I hear hon. members opposite talk about the terrible strain and anxiety they have to carry, and when I hear the fulsome adulation with which followers refer to the government and to the ministers, I recall days when those same hon. gentlemen, sitting to the left of the Speaker, could not find time enough in which to express themselves, or language strong enough to express the condemnation of those who were endeavouring to do the very thing that the present government is now endeavouring to do. Let there be no mistake: Except with respect to one insignificant expenditure there has been not the slighest change in everything that has been done by the department in connection with unemployment and relief. Every single thing that is being done to-day was being done by the late administration, except the work in connection with the so-called youth movement, about which we will speak when the proper time comes.

Yet the student of history, in reading Hansard from 1930 to 1935, will find that the men now occupying the treasury benches were then spending their hours, days and weeks in condemnation of the then government for doing what they now do. As I hear these observations, and the sympathy that is being extended; when I compare the buoyant revenues of to-day with the revenues of those days, and when I think of the changed world conditions as compared with the conditions of those days, I wonder where their milk of human sympathy and kindness was to be found. I bring that fact to the attention of the committee this afternoon. There is no reason why the Minister of National Defence (Mr. Mackenzie) should look sadder than anybody else, although I must admit he was one of the chief offenders.

Mr. MACKENZIE (Vancouver): I was smiling.

Mr. BENNETT: But he was not the only one. It is just a matter for the historian to think about. Day after day and week after week in one year we had our efforts prevented from being realized, and condemnation was hurled from this side of the house against the very measures which are now said to be the very best possible of production. Born out of wide experience and great knowledge these measures which, after all, simply follow what had been done—excepting the one instance I mentioned—are presented. We are told we must accept them as the great contribution of far-sighted statesmen in dealing with these problems.

If it ended there, it might not be quite so bad. But the historian of this country will also find that the present government when in opposition was going to take this whole problem out of the realm of politics, and that an independent commission was going to administer relief; an independent commission was going to correlate the activities of the provinces and the dominion; an independent commission was going to deal with the municipalities, and their difficulties with relation to the provincial and federal powers. That commission came into being with powers very much restricted, when compared with those with which it was expected it would be clothed.

The commission has gone out of business, and the same political administration which marked the administration of the days in which control was vested in the government still prevails.

The great evil that we face to-day in the administration of unemployment relief is found in political patronage, about which, at the proper time, I propose to say much. There is not a day which does not bring me letters from men who are unable to find employment because they have not the proper sanction, the sanction of those who sit in authority either as defeated candidates, or otherwise, for the purpose of determining whether men shall or shall not have jobs. One park in this country is run by the Liberal party executive, and men are dismissed from their positions and other men put in their places for the purpose of enabling them to circumvent the law. That is what is going on. I spoke yesterday about Long Branch; I could name other places as well. I could mention place after place in which either the defeated candidate, the head of the Liberal association in the locality, or someone else, must be consulted before it is possible for a man to find employment, for which he is paid with my taxes and the taxes of other taxpayers in this country.

That is the reason that this thing fails—and it is failing. Of course it is failing. The hon. member who just took his seat referred to the fact that we are not dealing with the disease. In my place yonder between 1930 and 1935 I pointed out that these measures were palliatives, not cures. They do not cure the disease; they are but palliatives. Every thoughtful man knows that is so. Everyone knows perfectly well, sir, that with respect to the problem of unemployment we must realize it can never be dealt with in the manner which is being followed.

Who, listening to the political speech in connection with farm implements the other evening, but must realize that in this country we have a population over one-half of which is in urban areas. Remember that. No longer is half or more than half of the population in rural communities. This means that unless we supply that urban population with employment measures there will be constant unemployment. There is no thoughtful member of parliament who does not realize that the essential obligation resting upon the house at this time is to provide employment for our people by submitting policies which will ensure that there is work to do.

An hon. MEMBER: Hear, hear.

Mr. BENNETT: Oh yes, but the "hear, hear" which finds a responsive echo in every part of the chamber can be realized only by doing something which apparently some of the people do not wish to have done. In other words, a substantial part of the population believes it is better to have immediate benefit in contemplation—not reality—than to have some measure of cure effected with respect to the disease from which we are suffering.

You cannot have your goods manufactured for you in another country, give employment to people in that country and at the same time not put out of employment those who are doing the work here. Let there be no misunderstanding about that fundamental. You may differ from me on the particular problems connected with the fiscal policy of a country. We may differ; but we cannot differ about this, that if the consuming population of Canada requires for its use and sustenance a million dollars worth of goods, and those goods can be made in this country, then unless we afford the opportunity for the people who have now flocked to the cities to engage in industrial life they will be unemployed, while people somewhere else will be employed. They will make the very goods that we consume. There can be no misunderstanding about that. It was all right when you had the great majority of your people on the land; it was all right when the major part of your population was rural, but our population has shifted. The other evening the hon. member for Jacques-Cartier (Mr. Mallette) referred to the population that had shifted from the soil to the city. This has brought about a condition which we must face. That condition involves action being taken of a kind that apparently some of our friends dislike.

This government is in a position to make its choice. It has behind it a majority that enables it to make any choice it pleases and to give effect to that choice. It has made its choice. It has balanced the probabilities. It has selected one particular way of dealing with the matter. What has been the result? This is not the time, or the place perhaps, to deal with it in detail. There has been this result. The national railways for three months of this year have not been earning sufficient money to pay the cost of operation. There has been no lessening of employment in the large sense so far as they are concerned, and yet to earn a dollar, to earn one hundred cents on that great system for the last three months, has cost more than one hundred cents, more than a dollar. Mark you; that is without

interest on the capital invested. It is merely the cost of operating, fuel and labour and upkeep.

Mr. DUNNING: That has happened frequently in the past.

Mr. BENNETT: It has not happened frequently in the past.

Mr. DUNNING: In the early months.

Mr. BENNETT: It has not happened frequently in the past.

Mr. DUNNING: We differ.

Mr. BENNETT: I have not the figures with me, but it has not happened frequently in the past. It has happened in the past, but not frequently. During the dark days of the depression from 1930 to 1935, bad as conditions were, I ask hon. members to compare the results then with those of the last three months. Remember, there is not a cent for interest. Let that thought come into our minds and see what it means. Let us ask ourselves, why? I shall be prepared, when another debate is precipitated, to deal with that in greater detail. I shall deal with it in detail then, not now. These are palliatives; that is all they are. What is the sense of trying to call them anything else? Why not be frank about them?

Mr. ROGERS: Who is calling them anything else?

Mr. BENNETT: I have heard the adulations of the warm and loyal friends of the minister on the other side describe them as something else. I have read in the public press of this heaven-born vision of the minister, of his looking out upon the troubled world and bringing peace and happiness to all the unemployed. There was the great vision that came to him during his academic life which enabled him thus to deal with the matter. Then I contemplate the patronage in Frontenac and Kingston. After all, the results of an academic life do not fit a man for public life any better than would life in a sawmill. It has been said that the solution is to be found in a housing program.

Mr. ROGERS: Expansion of trade.

Mr. BENNETT: "Expansion of trade." Well, I thank thee, Roderick, for the word, to quote Sir Walter Scott. If there was one term calculated to make ridiculous the whole performance in connection with this matter, it is just that statement, "expansion of trade."

Mr. ROGERS: Is my right hon. friend opposed to it?

Mr. BENNETT: He has a record of effort in that direction which will compare favourably with that of the minister. That is all he has to say. That is the record in connection with which every Liberal, except the Liberal who sits behind the minister, the Minister of National Revenue, (Mr. Ilsley), rose in his place to vote against empire preference. He also knows that the minister in his eulogy of his leader vindicated his position. Now he sweetly talks about expansion of trade.

Mr. ROGERS: My right hon. friend favours it, then?

Mr. BENNETT: That anyone with the attainments of the minister should find it possible to ask such a question indicates the extent to which politics can destroy the vigour of an intellect.

Mr. GARDINER: The right hon. gentleman has been in them since 1898.

Mr. BENNETT: Has the Saskatchewan oracle spoken?

Mr. GARDINER: Probably the explanation of the right hon. gentleman's attitude toward public questions is the fact that he has been in politics since 1898.

Mr. BENNETT: I have been in politics since 1898 with the exception of ten or twelve years, when I was not. But I have not yet found it necessary to follow other than a consistent course with respect to the matters to which I have referred.

Mr. GARDINER: It is the same on this side.

Mr. BENNETT: I have never prostituted such talents as I have for place or power.

Mr. ROGERS: Against whom is that aimed?

Mr. BENNETT: I referred a moment ago to the observations that were made in this house with respect to a housing program offering a solution of these difficulties. I do not intend to do more at this time than merely point out what a strange thing public opinion is. One would think that everyone in this chamber believed that all that one had to do was to engage in the housing business and the matter would be settled. For instance, I have in my hand a plan of action suggested by the Vancouver youth council. It is divided into five sections. The first refers to a survey of housing conditions; the second

refers to publicity; the third refers to by-laws, and the fourth, which refers to a building program, reads:

Building program: Consideration of concrete proposals to effect a low cost housing scheme to be financed with the assistance of the dominion government and administered on public utility lines, through a civic housing commission.

The fifth part reads:

Education: Simultaneously, a systematic policy of hygienic education to be made available to all who will occupy the new houses provided.

That was passed at a slum clearance rally held in Vancouver.

Mr. MACKENZIE (Vancouver): What is the date?

Mr. BENNETT: It was held on Tuesday, February 15, at 8 p.m., in St. James parish hall under the auspices of the greater Vancouver youth council. The opening remarks were made by John Jopson, first vice-president, and there was an address by Alderman Halford D. Wilson. The resolution, which was drafted and endorsed, reads as follows:

Whereas:—The investigation of the Vancouver civic housing committee, with the cooperation of many interested organizations, have revealed an acute housing shortage and the increasing prevalence of slum areas in Vancouver.

And whereas:—Private building stimulated by funds available through the Dominion Housing Act has been unable to provide adequate housing facilities, particularly to the low income groups.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

NIAGARA FALLS OBSERVATION BRIDGE COMPANY

The house resumed from Friday, April 29, consideration in committee of Bill No. 15, to incorporate the Niagara Falls Observation Bridge Company—Mr. Damude—Mr. Sanderson in the chair.

The CHAIRMAN: I desire to draw the attention of the committee to Hansard, April 29, 1938, page 2414, when this bill was under review, and I quote from Hansard as follows:

Mr. Stirling: It is two minutes after nine.

Mr. Bennett: My attention has been directed to the fact that it was two minutes after nine when you made the declaration that the section had passed.

Mr. Stirling: It is not playing the game.

Mr. Bennett: My colleague says that it is not playing the game to go beyond the hour. I think there is much to be said with respect to that. I had no idea that we had gone beyond the hour; but in view of what the hon. member for Yale (Mr. Stirling) says, it is my duty to bring that fact to your attention.

The Chairman: I did not think the right hon. gentleman was aware that it was nine o'clock. I waited some minutes and I thought he would be disposed to have the amendment carry. However, I am in the judgment of the committee.

I take exception to the remark of the hon. member for Yale, namely, "It is not playing the game." I would have taken exception at that time if I had heard clearly the remark of the hon. member. Apparently Hansard correctly reported him. His remark is a very grave reflection on the chair. It implies that the chairman was partial, biased and unfair in the conduct of his duties. The hon. member for Yale is an old parliamentarian and is familiar with the rules governing debates, and I now ask him to withdraw the remark to which I take exception.

Mr. STIRLING: Mr. Chairman, I used the phrase I did because it accurately expressed my opinion of the incident. It appeared to me that, the hour for private bills having passed, it was not in accordance with the rules of the house to move that an amendment be adopted or a section passed. There was fresh in my memory at the time an incident which had occurred four or five days before, when an hon. member to my left, a new member, was called upon by certain supporters of the government, when there was but three minutes to go, to proceed with his speech, and not the least strident voice that I heard was that of the chief Liberal whip. I did not think at the time that was in accordance with the amenities of the house, but on that occasion the government desired to adhere closely to the rules. On the occasion on Friday evening you, Mr. Chairman, saw fit to suggest at 9.02 o'clock that we should do something which, in my opinion, could properly be done only prior to nine o'clock. That was the reason why I used the phrase which I did. I regret that you have taken it in the way you have. It has not been my custom in this house ever to make reflections upon the occupant of the chair, and so far as I am concerned I have no desire in any way to insult the chair or detract from the honour of the chair. If it is the wish of you, Mr. Chairman, that the phrase should be deleted from revised Hansard I am quite agreeable.

The CHAIRMAN: I am not entirely satisfied with the withdrawal. I take it from the remarks of the hon. member for Yale that he withdraws the remark. Am I correct in that?

Mr. BENNETT: He does not withdraw, but correctly states what took place.

The CHAIRMAN: I am addressing my remarks to the hon. member for Yale.

Mr. BENNETT: Mr. Chairman, I respectfully point out to you that under the rules you have no right to make any such request at this time. You have directed attention to the incident, and the hon. member for Yale has indicated exactly what took place, which is in accordance with what you yourself have stated, namely that at two minutes after nine o'clock you took action which under the rules should not be taken. The hon. member is reported to have said, "It is not playing the game." That is a correct statement. That is perfectly clear. He says he regrets that you have taken offence at what he has said, which was intended not to give offence but merely to state his appreciation of the fact; and if a man does not intend to give offence and uses some expression which is not in itself offensive, surely the chair has no right at this time, whatever its right may have been at the time in question, to do more than direct attention to the incident. It seems to me the incident is closed when the hon. member has stated that he had no intention of insulting the chair, that the remark will be deleted if it is thought desirable, and the circumstances under which he made the observation he did are not disputed. There is no question as to the fact and the circumstances in connection with it.

Mr. LAPOINTE (Quebec East): My own opinion is that the incident does not deserve the great importance which seems to be given to it. At the time I thought the objection of my friend from Yale was not very well taken, because it happens quite often that we ignore the clock for a minute or two in order to conclude some debate. However, the hon. member having explained the matter as he did, I am quite satisfied that his request that his words should be deleted from Hansard is better than any possible withdrawal.

Mr. HEAPS: On a point of order, I should like to ask who has the authority to order a deletion from Hansard.

Mr. LAPOINTE (Quebec East): Well, we all accept it.

[Mr. Stirling.]

Mr. HEAPS: I know. I am just querying, as a point of order, how that is to be done. I should like to know. Perhaps the chairman or the deputy chairman has the right.

The CHAIRMAN: I may inform the hon. member that the Speaker has the right. However, the incident is closed. We shall proceed with the bill.

Mr. HOWE: I desire to lay on the table a letter dated March 5, 1938, and signed by the Hon. T. B. McQuesten, provincial minister of highways, regarding the Niagara Falls bridge.

On section 9—Construction subject to governor in council regulations.

Mr. MacNICOL: Before clause 9 carries, I should like to tell the Minister of Transport that if, on the occasion when this bill was last before the committee, he applied his remarks about a filibuster to me, I want him to withdraw them. Any time I say anything in this house or in committee I say it after having made a careful study of the matter; if I oppose anything I am not filibustering, and there is no power in this country sufficient to change my mind when once I make it up. The Minister of National Defence (Mr. Mackenzie) knows what the Scotch are like; when once they make up their minds, it takes a good deal to move them. I hope the minister will rise in his place and say that those remarks did not apply to me, because what I have to say on this bill or any other before the house is said with sincerity. I had in my mind nothing but to do the best I could for the country. If the minister is as good a sport as I am—

Mr. HOWE: I would assume that when my hon. friend makes a statement the first time, he expresses his opinion; when he makes the same statement a second time, he is confirming the opinion; I have some doubts about the third time. However, I shall accept my hon. friend's statement that he is incapable of conducting a filibuster.

Mr. BENNETT: The other evening, when we were discussing one of the sections of this bill, the Minister of Transport said that he would produce the letter which had been written to him by the minister of highways of Ontario. He was good enough to send me the letter to-day before it was laid on the table, and I think it well that it should be read, because it deals with an important factor which has to do with this legislation,

and one to which I think the attention of the government has not been sufficiently directed:

Ontario.
Office of the
Minister of Highways.
Toronto, March 5, 1938.

Honourable C. D. Howe,
Minister of Railways and Canals,
Ottawa, Ontario.

Re—Niagara Falls Bridge

Dear Mr. Howe:

Mr. H. J. McNulty, K.C., has advised me that I should write you as to the position of the province in this matter. W. G. Welby, et al, are applying to the dominion for a charter in the name of the Niagara Falls Observation Bridge Company. These applicants have executed an assignment, which I have not seen, but which I understand is filed, to assign their rights, as directed when the charter is granted, to the Highways Department of this province or to the Niagara Falls Parks commission. In any event they are acting as trustees for the province.

The purpose of the province is to bring about the erection of a new bridge at or about the location of the International Railway Company's bridge which recently collapsed. A week ago I visited Governor Lehman of the state of New York with Mr. Suitor, the representative of the city of Niagara Falls, New York, in the New York state assembly. Mr. Suitor, in co-operation with us, has brought in a bill in the state of New York assembly to create an authority similar to that which constructed the bridge at Sarnia and the Thousand Islands bridge last year. This authority is to contain an equal number of representatives from the state of New York and Ontario. It is proposed that it follow the practice already established to issue bonds and erect the structure with the approval of the federal government at Ottawa. The bonds will be charged upon tolls and when the same are retired the bridge will become a free bridge. This is a similar arrangement to that in the two cases above mentioned and in the additional case of the Peace bridge at Fort Erie over the Niagara river.

The procedure followed on this side is the same as in the cases of the three bridges above mentioned. Private applicants obtain the legislation and assign all their interests to the state authority of the state of New York. This includes the approval of the dominion government to the construction of the bridge which has to be obtained.

The province of Ontario would be willing to finance the structure directly and build it directly, either as a work of my department or through the Niagara Parks commission, of which I am chairman. This latter commission, as you may know, administers a part extending from lake Ontario to lake Erie and including practically the whole water front along the Niagara river. Unfortunately we are advised that we cannot, as a highway department of the province, either enter into an agreement with New York state or the New York state authority, nor build a bridge directly. Moreover the state of New York does not wish to use its funds, but prefers that private funds should be used as outlined above through a public authority which would ensure the ultimate public ownership of the structure.

This province is very much in favour of working towards the elimination of all tolls on these international bridges, as we realize it is greatly to the advantage of this province to have as many points of access as possible to the great population to the south without any charge for entry.

May I also add that Mr. H. J. McNulty, K.C., is acting for this department and for the Niagara Parks commission in bringing this bill before parliament.

With kind personal regards, believe me,

Faithfully yours,
T. B. McQuesten,
Minister of Highways.

The important part of that letter is the following statement in the second paragraph; it is of the utmost importance:

The purpose of the province is to bring about the erection of a new bridge at or about the location of the International Railway Company's bridge which recently collapsed.

I have already pointed out, in the letter which I read the other evening from Senator Lee, that this matter had been brought to the attention of the governor of the state of New York; that Mr. McQuesten had been present at the conference; that the governor stated he had been advised by his counsel that the International Railway Company has the right, under the laws of the United States and the state of New York, to construct such bridge, and that the state of New York cannot and will not interfere with the exercise of such right. We now have before us a letter for which the Minister of Transport becomes responsible, asking parliament to pass an act which will destroy the vested interest of an existing enterprise, to which procedure the governor of the state of New York says he will not consent.

It was for that reason I was the more anxious to see the communication in question, because I had been informed that the real purpose of this legislation is to destroy the International Railway Company's rights. I pointed out that they had $500,000 worth of property at the two ends of the bridge; that they have had a bridge there for some forty years or thereabouts, and that this bridge is now to be replaced by one which is promoted by the province of Ontario for the direct purpose of destroying the vested rights of that enterprise. It seems to me strange that a representative of the crown in the right of

the province of Ontario should say that the purpose of the province is to bring about the erection of a new bridge at or about the location of the International Railway Company's bridge, which recently collapsed. In other words, this is a bridge promoted by the province for the purpose of destroying the vested rights of an existing company. I make no pronouncement, obviously, as to whether they have or have not a valid right to construct. I can only read the documents I see before me. The letter of the senator .ndicated that Mr. McQuesten, who signed the letter which has just been read, was present at Albany when they met Governor Lehman on February 21, 1938, and this letter is dated March 5, 1938.

Mr. HOWE: It states he was present in New York.

Mr. BENNETT: Yes, but I was not quite sure whether it might be said to be the same conference or not; I was desirous of fixing the date. Senator Lee says it was February 21, and the letter, as a matter of fact, is dated March 5. I do not know if this is an accurate statement of the situation—and you will observe, Mr. Chairman, obviously I must say, "if it is," because I have no personal knowledge of the matter. I do know where that bridge used to be; I have been there a sufficient number of times to know exactly where the bridge that was destroyed was located, but what I do not know is the exact location of the proposed bridge in relation to that. I therefore accept Mr. McQuesten's statement that the purpose of the province is practically to destroy the vested rights of the existing company. We have now a matter which I really think the federal government, the government of this nation, should consider, that the governor stated he was advised by counsel that the International Railway Company has the right, under the laws of the United States and the state of New York, to construct such a bridge, and that the state can not and will not interfere with the exercise of such right.

A vested right in the United States is a constitutional right; in this country a vested right is not necessarily a constitutional right. The provisions of the United States constitution were imposed to meet, among others, just such difficulties as you have here, that is, that a right existent could not be destroyed by legislation without the consent of the parties affected. And what we are doing on this side of the Niagara river is, in the language of Mr. McQuesten, to destroy the right of the International Railway Company to construct a bridge. That was the point which I was not in a position to establish clearly the other evening, until I had seen the exact terms of the letter. I did not care to make the statement without seeing those terms. But Mr. McQuesten's statement puts that beyond peradventure. Unfortunately or otherwise, the province of Ontario has nothing whatever to do with respect to that matter at all; the nation speaks through its central government, not through the government of one of its provinces. It will perhaps be remembered that reference was made by the hon. member for Saskatoon (Mr. Young) to the opinion given by the deputy minister of justice which I think should at this point be referred to. His letter is in these terms:

JR 3380/38

Re Bill No. 15, An act to incorporate the Niagara Falls Observation Bridge Company.

Dear Sir:

I have had under consideration your letter of the 18th instant and beg to advise you as follows:

I am of opinion that it is not competent to parliament to authorize the crown in the right of the province to build the bridge in question, and that as the Minister of Highways and the Niagara Parks Commission are agents of the crown in the right of the province parliament is equally incompetent to vest the necessary powers in them or either of them. In order that parliament may effectively control the construction and maintenance of the bridge, which is a work or undertaking exclusively within the legislative jurisdiction of parliament, in relation to both its national and international aspects, it is in my judgment essential that the powers should be conferred upon a body, corporation or person answerable to parliament and amenable to the courts.

Yours faithfully,
W. Stuart Edwards,
Deputy Minister of Justice.

If we read those three communications together, it does seem to me that it would be a very unfriendly act for this parliament to act until such time as the legislature of the state of New York has acted. The Minister of Transport very properly said the other evening that it was a matter of indifference as to which acted first; that inasmuch as one legislature could not authorize the construction of a bridge in a country other than its own, one or the other would have to act first in bringing about a condition where there might be a unity of interest for the purpose of construction. Now we have the opinion of the deputy minister of justice that this is a matter exclusively within the jurisdiction of the parliament of Canada. We have the letter of the senator from the state of New York in which he points out that the

governor says that the International company has the right under the laws of the United States and the state of New York to construct such bridge, and that the state of New York cannot and will not interfere with the exercise of such right. I take it that the term "cannot" refers to the constitution of the United States, that constitutional provision which does not permit the state to destroy a vested right or to pass ex post facto legislation. Under these circumstances, together with the statement made by the responsible minister in Ontario that what he proposes to do by this device is to destroy the International company—

Mr. MACKENZIE (Vancouver): He does not say that.

Mr. EULER: He does not use the word "destroy."

Mr. BENNETT: I did not suggest that he used the word "destroy."

Mr. EULER: A few moments ago my right hon. friend used that very word.

Mr. BENNETT: I used the word because that is what it means, if it means anything.

Mr. EULER: My right hon. friend said, "in the words of the minister."

Mr. BENNETT: I did not.

Mr. EULER: My right hon. friend will find it in Hansard to-morrow.

Mr. BENNETT: My hon. friend will find I did not. These are the words:

> The purpose of the province is to bring about the erection of a new bridge at or about the location of the International Railway Company's bridge which recently collapsed.

In addition to that, the other evening I pointed out that when Mr. McQuesten was here before the committee the records show he made a statement that when he returned he was going to introduce legislation dealing with bridges, and that would be another hurdle for the International company to cross. That was the sense of the words; I am not quoting the exact language. Here in my hands is the bill he passed. This has been assented to. That bill in terms would, if the legislature had jurisdiction, prevent the construction by the International company of its bridge. It is designed for that very purpose, in view of what took place. I direct the attention of the Minister of Justice to the language used:

> 1. This act may be cited as the Bridges Act, 1938.
>
> 2. This act shall apply to,—
>
> (a) every river or stream or part thereof of which the bed is vested in His Majesty in right of Ontario; and
>
> (b) every place upon a river or stream where His Majesty in right of Ontario, or any board or commission constituted under any act of this legislature, is a riparian owner.
>
> 3. (1) No bridge or other structure shall be built, placed or constructed over or across any river or stream or part thereof, nor shall any bridge or other structure over or across any river or stream or part thereof be rebuilt, replaced or altered where the cost of such building, placing, constructing, rebuilding, replacing or altering will exceed $2,000, except with the approval of the lieutenant-governor in council.

Against that I place the opinion of the deputy minister of justice to which reference was made the other day, in which he uses these words:

> . . . in order that parliament may effectively control the construction and maintenance of the bridge, which is a work or undertaking exclusively within the legislative jurisdiction of parliament, in relation to both its national and international aspects.

In view of that, can we proceed further with this legislation without doing violence to the friendly relations that exist between us and the neighbouring state of New York and the republic to the south of us? That is the position I wanted to make clear the other day, but could not until I had all the documents before me.

Mr. McLARTY: Might I ask the right hon. gentleman whether the amendment he moved the other night did not specifically provide that we could not do anything without the consent of the appropriate jurisdiction in the United States? If that be so, what violence could we possibly do, when nothing can be done until those powers are conferred upon the corporation incorporated under this act?

Mr. BENNETT: It is just that point that I desire to make, if my hon. and learned friend will permit me to say so, that as a matter of international comity, this bridge having originated from United States legislation, not Canadian, and we having acted seconding it, after they had acted in the first instance, it would be doing violence to our understanding of friendly relations, in the light of what was said by the governor—assuming he did say it, as for my purpose I have done—to proceed to pass this legislation which assumes that we are willing to do something which under the laws of the state of New York cannot be done.

Mr. McLARTY: Without their express permission.

Mr. BENNETT: But which they cannot give without the consent of the International company.

Mr. McLARTY: Might I remind my right hon. friend that this corporation, clothed with the powers provided for in this bill, cannot do anything without the consent either of the state of New York or of such other appropriate authority as has the right to give it the power of extraterritorial jurisdiction.

Mr. BENNETT: I am glad my learned and hon. friend directed attention to that. Unfortunately we do not purport to deal only with that part of the bridge which is on our side; we undertake to deal with the bridge in New York as well, to provide where it should land. How can we deal with a location in another country?

Mr. McLARTY: Subject to the consent of the state of New York.

Mr. BENNETT: But how can we say where that bridge is to be placed in New York state? That is the point I am putting, in view of what the governor said. How can we undertake to say what we do? These are the words:

> . . . to a point in the city of Niagara Falls in the state of New York, one of the United States of America, north of the present upper steel arch bridge. . . .

That is, it is located. And with the letter of the minister stating that the purpose is to bring about the erection of this new bridge "at or about the location of the International Railway Company bridge which recently collapsed," you have a situation in which the parliament of Canada is undertaking to do something which the state of New York says cannot be done.

Mr. McLARTY: I do not wish to interrupt the right hon. gentleman or to be tiresome by reiterating remarks which I have made. The purpose of this bill, I think he will agree, is to clothe a corporation with capacity to build a bridge between two certain points. One point is in the state of New York. It can build to that point only subject to the approval of the appropriate United States authorities. If that approval is not granted, irrespective of any capacity with which we clothe the corporation, the bridge cannot be built.

Mr. BENNETT: The provision, as I have said, is this:

> . . . but the company shall not commence the actual construction of the said bridge nor exercise any of the powers hereunder until an act of congress of the United States or other competent authority in the United States of America has been passed authorizing or approving such bridging of the said river. . . .

I have pointed out what the governor has said with respect to that, namely, that there is a vested interest which neither he, the state of New York nor the congress of the United States, under the constitution of that country, can take away. I take it that is the reason for the reference to the United States. That being so, should we defy that authority?

Mr. YOUNG: This bridge is not going to be built on that site; it is to be six hundred feet away.

Mr. BENNETT: But six hundred feet away is the same site. That is what the minister meant when he said you could not put these two bridges within six hundred feet of each other. The hon. member must know that. The real fact is that this is an effort to destroy the other bridge, to prevent it from being rebuilt, and I have pointed out the legislation which was introduced and passed a few days ago to bring about that end. That is the story, and I cannot do more than direct the attention of the committee to it, having exhausted every means at my disposal for the purpose of ascertaining the facts, which I think may be definitely stated as lying within a very narrow compass indeed.

May I restate them? 1. By appropriate legislative authority the International company was authorized to construct a bridge from the state of New York towards the Canadian shore. 2. Nearly forty years ago the Canadian authorities arranged with the United States authorities to complete a bridge which has been known as the international railway bridge. 3. The international railway bridge was destroyed by act of God in January, 1938. 4. A petition has been presented to the parliament of Canada praying that certain gentlemen now alleged to be trustees for the crown as represented by the province of Ontario—trustees, mark you—may be empowered to build a bridge. 5. The governor of the state of New York has stated that he is advised by his counsel that the International company has the right to rebuild this bridge; further, as a corollary, that under the laws of the United States and the state of New York it has the right to construct such bridge and that the state of New York cannot and will not interfere with the exercise of such right.

These are the facts. I direct attention to one other relative fact, which we cannot overlook whether we would or not, namely, that the deputy minister of justice, speaking for the Department of Justice, has said that it is not competent for this parliament to authorize the crown in the right of the province to construct this bridge. He went further;

he said that we could not authorize a commission to do it, because they would be the agents of the crown in the right of the province. We now have a statement made by the minister himself that not only are these men the agents of the crown; worse than that, they are trustees for the crown. Here are his words—

Mr. YOUNG: It is not in the bill.

Mr. BENNETT: But I am reading the language of the letter produced by the Minister of Transport.

Mr. YOUNG: It does not state that in the bill.

Mr. BENNETT: That is the point exactly.

Mr. McLARTY: I think my right hon. friend will admit that trustees can do certain things which the direct party is not capable of doing. Is that not the effect of this assumption of trusteeship?

Mr. BENNETT: All I can say is that the opinion of the deputy minister of justice with respect to that phase of the matter is in certain terms. I do not want to mislead anyone. The hon. member for Saskatoon is not a lawyer, but let him just read the way in which this is put by the deputy minister of justice:

> I am of opinion that it is not competent to parliament to authorize the crown in the right of the province to build the bridge in question, and that as the minister of highways and the Niagara parks commission are agents of the crown in the right of the province parliament is equally incompetent to vest the necessary powers in them or either of them.

Now I turn to Mr. McQuesten's letter, in which he says these people have already assigned any interest they have to the crown. He says he has not seen the assignment, but that is his understanding, and he uses these words:

> In any event they are acting as trustees for the province.

Then, if the deputy minister's opinion is sound—and we must be bound by it—parliament is incompetent to vest the necessary powers either in the commission or in anyone else as an agent of the crown. If that is so—and those are his words, not mine—then it follows that parliament is incompetent to vest in these trustees the power which they seek, they having disclosed the fact that they are trustees.

Mr. McLARTY: I do not think my right hon. friend would suggest that it is outside the capacity of trustees to act in a way in which the principal could not act.

Mr. BENNETT: With respect to that I can only say that I am expressing no opinion about any of these matters; I am merely taking the documents which speak for themselves. I did not prepare these documents, but listen to the language used by the deputy minister of justice:

> . . . and that as the minister of highways and the Niagara parks commission are agents of the crown in the right of the province parliament is equally incompetent to vest the necessary powers in them or either of them.

That being so, I submit with all deference that this is equally true with respect to those who, as Mr. McQuesten says, are trustees for the province, to which they have assigned their rights. It therefore follows that the crown in the right of the province is acting in this matter in a manner in which Mr. Edwards says they cannot act. That is the story at the present moment.

For that reason, Mr. Chairman, I submit that this bill should not be proceeded with further at this session; that it should be proceeded with in the proper course, namely, when the authorities in the United States have dealt with the vested interests which have arisen, and given them that consideration which, under the constitution of the United States, is required to be given to them. Then this parliament could deal with the matter. It is quite clear that the legislature of the state of New York has risen, as I pointed out, and will not meet again this year for the purpose of dealing with these matters. That being so, I put to you, Mr. Chairman, the question as to whether or not we are doing what would be called a reasonable thing if we proceeded with this legislation before such time as that question, which has been raised by the minister of highways of Ontario, has been dealt with for the purpose, in the first place, of ensuring the active cooperation of the state of New York, and in the second place, of ensuring that what we do has not the effect of endeavouring to destroy a vested right which, mark you, is no longer a vested right in that country only.

That is the last point I desire to make, and I direct the attention of my learned and hon. friend to this fact. The vested right is no longer a vested right in the United States only. It is a vested right that attaches to a company which owns property on both sides of an international stream. It is a vested right in the United States which cannot be taken away by any act of the legislature or of congress, except by consent of the parties.

Mr. McLARTY: Does my right hon. friend suggest that there is anything in this act taking away any vested right from any other company?

Mr. BENNETT: I certainly say there is, because, first of all, there is the bridge act of the province of Ontario.

Mr. McLARTY: That is not in this act.

Mr. BENNETT: No, but that is one thing. Second, there is the fact that you cannot maintain two bridges at that point. No one knows that better than the gentlemen who have put the project forward. It is impossible to maintain two bridges within six hundred feet of one another.

Mr. YOUNG: It would not be financially a good thing to do, but it could actually exist.

Mr. BENNETT: I am told that even that is questionable, whether any engineer could be found on this continent who would locate these two bridges within six hundred feet of one another. I do not know personally. I express no opinion upon the fact, but that is the view which has been expressed. But the effect is, undoubtedly, to endeavour to destroy the vested rights of people not in this country. I am sure that there is no member of my profession who does not realize that the vested right, which was once a right in the United States only, is now a vested right in Canada as well, because we have become a party to the merging of two companies into one. The rights on both the United States end and the Canadian end are now united and vested in one corporation, and the vested right is the right of the International Railway Company which owned the land and bridge and cannot be taken from them without adequate arrangements.

Mr. WOODSWORTH: May I ask if the right hon. gentleman implies that a vested right may take the form of a perpetual monopoly? I cannot understand that.

Mr. BENNETT: I said to the committee that this is a complex and technical question.

Mr. WOODSWORTH: Well, Mr. Chairman—

Mr. BENNETT: But I shall answer the question directly, if the hon. member will permit.

Mr. WOODSWORTH: Mr. Chairman, I submit that those of us who are not "legal gentlemen" are nevertheless members of this House of Commons, and while it is a common practice for those who have had legal training to look down on other members not so qualified, I do submit I have a perfect right to ask a question, and expect that it be replied to in terms which can be understood by non-legal members of the house.

Mr. BENNETT: I need hardly say I am wholly in accord with the hon. member; and had he possessed his soul with that Job-like patience for which he is noted, there would have been no difficulty at all in having received an answer long ere this.

A vested right is a right which continues until it is disposed of by due process of law. I wish to make that clear. The constitution of the United States is explicit with respect to the point. A vested right may be lost by expropriation, for instance. That is one way in which it may be lost. Then, it might be lost by agreement between the parties; that is the usual method by which it is disposed of. I am pointing out that in this case a vested right in the United States is a right which, by action of this parliament, extends beyond the boundary of the United States. That is, our parliament has become a party to the union of rights that enabled the bridge to be built on the Canadian side, with the power exercised in the state of New York that had to do with its commencement in that state. Under the law of the state of New York they cannot, if they will, according to counsel's opinion—and in my judgment that is the law, but that does not add to the weight of it—interfere with the constitutional rights of those who possess vested rights. The state may take it. That right is called the power of eminent domain in some countries, the power of expropriation in others. The arrangement and agreement for compensation would dispose of vested rights satisfactorily. The power of expropriation is a power which I believe has been exercised by Ontario on more than one occasion.

It is for these reasons I have ventured to bring these salient facts to the attention of the committee, after a great deal of difficulty in getting the papers together. I have felt that where you have an existing enterprise that has built a bridge across an international stream, with the legislative aid of this parliament, and a willingness on the part of that company to rebuild and reconstruct, and then have a statement by the responsible minister in the province that the purpose is to do so and so, which means the destruction of a bridge from the standpoint of its value as a bridge, we should not proceed until such time as the original creating authority, namely the state of New York, has again acted. I understand they say it is not necessary that there should be any action taken for the purpose of

rebuilding it; that the company have a right anyway in the state of New York to rebuild it.

Having regard further to the fact that Mr. Edwards has said that this is within our exclusive jurisdiction, I say we should not act, especially in view of the fact that nobody is being injured and nothing is being lost. Not a dollar is being lost, for the simple reason that the legislature of the state of New York has declined to pass the necessary legislation, which was different from ours. And until such time as that legislature reconvenes, no such action will be taken. Therefore, by delaying the action until the next session of the New York legislature, we shall not have imposed upon the nation—and mark you, this is a case where the nation is now concerned, as Mr. Edwards has said, not the province of Ontario —a difficulty arising out of a private venture which should not be brought to the attention of the federal power until such time as the neighbouring power have said that some arrangement has been made with respect to the bridge which has gone out, or that they have found some method, which is convenient to all parties concerned, of dealing with the situation.

Mr. YOUNG: Mr. Chairman, I was a member of the committee before which this bill came. I was very much interested in it because I took the view that if the international bridge was going from the province of Ontario to the United States, and Ontario wished to become responsible for building one-half of the bridge, there should be no question at all that the province should have the right of way over any private concern. I brought that matter to the attention of the committee, and as has been stated over and over again, as a result of my urging the matter was called to the attention of the deputy minister of justice, and his opinion was sought. That opinion was received. I am very glad to-night the leader of the opposition has seen fit, himself, to quote that opinion as an authority that nothing further should be done. But I am obliged to say that when I made that suggestion the other night with respect to the opinion of the deputy minister the leader of the opposition was not quite so sure, on that particular occasion, as to the worth of the opinion.

Mr. BENNETT: Because we had not the opinion before us.

Mr. YOUNG: It was not any different from what I stated it to be. There was an old bridge at the site of the bridge which has recently gone into the river. I am informed that authority had to be sought in the United States, as well as in Canada, for the former bridge. For some reason or another it was destroyed. I am further informed that a similar type of legislation had to be sought for the bridge which has recently fallen into the river.

We have no opinion in the house to-night to say what the governor of New York actually did. All we have is a letter from some senator which states that the governor of New York said something. Right there I am of the opinion that it is a violation of the rules of the house to quote that opinion in order to influence or attempt to influence the vote of this chamber.

But the salient point is that the leader of the opposition and every hon. member opposite who spoke has been endeavouring to seek—

An hon. MEMBER: Do not look this way.

Mr. YOUNG: I was referring to the Conservative members. They have been endeavouring to uphold the rights of some United States concern. There is no Canadian connected, as I understand the matter.

Mr. MacNICOL: Mr. Chairman, is the hon. member including me in upholding anybody's rights? I am trying to uphold the rights of Canada.

Mr. YOUNG: Hon. members opposite who have spoken have been endeavouring to see that this bill would not pass. They have endeavoured to lay before members of the house the information that there was a vested right or a vested interest in the United States, and that that vested interest, which has existed for forty years, must be maintained over there. The province of Ontario owns all the roads in Ontario, and it now wishes to build this bridge across that river to connect the roads of Ontario with the roads on the other side. We have this wonderful spectacle of Conservative members from Ontario doing their best to see that their own province cannot build a bridge which it desires to build. I should hate to be in their shoes when they go back to Ontario to ask the people for support in the next election. I think I know what the people will say should they find that those hon. members have been successful in blocking this bill.

I ask the committee to look at the other side of the matter. Of all the persons who might come here to ask for the right to build a bridge, who would be the most logical? The province of Ontario. Why does not the province of Ontario ask directly for this

right? Apparently it cannot. Certain individuals are named in the bill, and these individuals have shown their good faith and intentions by giving an assignment to the province of Ontario or the Niagara parks commission. If that is illegal, as has been inferred by the leader of the opposition, then it would have no effect. So far as this bill is concerned, there is no assignment in its provisions. According to the best legal advice at our disposal, this bill could not be drafted in any other form.

This committee has listened to objections to the province of Ontario constructing a bridge to connect its roadway system with the other side of the river. After all the debate we have had, I think this bill should be allowed to pass in order that the province of Ontario, in so far as it has the legal power. may be enabled to construct this bridge.

Mr. STEWART: As I understand the situation, we are now considering section 10.

The CHAIRMAN: Section 9.

Mr. STEWART: We have not made as much progress as I thought. This section reads as follows:

Subject to the provisions of section eight as to location, the said bridge shall be constructed and located under, and be subject to, such regulations as the governor in council prescribes, and to such end the company shall submit to the governor in council for examination and approval, a design and drawing of the bridge, and a map of the location, showing the location of other bridges, and shall furnish such other information as is required for a full and satisfactory understanding of the subject; and until the said plans and location are approved by the governor in council, the bridge shall not be built or commenced, and if any change is made in the plans of the said bridge during its construction, such change shall be subject to the approval of the governor in council, and shall not be made or commenced until it is so approved.

I submit that that brings up the whole question of the purpose and reason for this undertaking. The preamble of the bill is very interesting.

An hon. MEMBER: Dispense.

An hon. MEMBER: Only a few minutes to nine o'clock.

Mr. STEWART: I could read this in half the time taken up in interruptions by hon. members.

The preamble reads:

Whereas a petition has been presented praying that the persons hereinafter mentioned may be constituted a corporation for the purpose of constructing, maintaining and operating a bridge across the Niagara river from a point between a point north of the present upper steel arch bridge and the north limit of Bender street in the city of Niagara Falls, in the county of Welland, in the province of Ontario, to a point in the city of Niagara Falls in the state of New York, one of the United States of America, north of the present upper steel arch bridge, for passage of pedestrians, vehicles, carriages, electric cars, street cars and other like purposes across the Niagara river and to charge a toll: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

I submit that that preamble is misleading. It suggests that this is an entirely new undertaking, whereas, as is known to every hon. member of this committee, the fact is that until quite recently there existed in this immediate locality a first-class bridge which was handling traffic between these two points. That bridge was destroyed by an act of God during the present year. That is something which should be taken into consideration. The company that owned this bridge maintained it efficiently. Parliament is said to be the highest court in the realm and, as has been pointed out already, the effect of this bill is to prevent the rebuilding of a bridge by the company which owned the one that was destroyed—

Mr. YOUNG: In what way?

Mr. STEWART: —and which had a vested right. I said it practically prevents it, because if this bridge is built there would be no need for the other one. The effect of the construction of this bridge would be to destroy the investment of the company.

Mr. YOUNG: Is my hon. friend aware that it became abundantly clear in the committee that not only had this bridge been paid for, but that for forty years it had paid handsome dividends? Surely there is nothing more coming to them. Is it not time that the province of Ontario should be given the right to build a bridge?

Mr. STEWART: That is an absolutely irrelevant and unsound statement. It does not in any way touch the point which I am raising. No matter whether the investment has been profitable or unprofitable in the past, there is a vested right. The fact that great dividends have been earned is no justification for ruthlessly destroying the investment without compensation and without negotiation. The fact that the investment has been profitable has nothing to do with the legal rights, has nothing to do with the inherent justice of the case.

Section stands.

Progress reported.

UNEMPLOYMENT RELIEF

MEASURE FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

The house resumed consideration in committee of Bill No. 105, to assist in the alleviation of unemployment and agricultural distress—Mr. Rogers—Mr. Sanderson in the chair.

On section 3—Undertaking of measures.

Mr. BENNETT: When the committee rose at six o'clock I was reading a portion of a resolution that had been adopted by the greater Vancouver youth council with respect to slum clearance in that city. I had concluded reading the second recital of the resolution. The third recital proceeds:

And whereas:—This conference, here assembled, representing a large cross-section of public opinion is unanimously agreed that there can be no solution to the problem without government intervention.

And whereas:—A large scale economically sound housing program under government restriction and supervision would be the means of stimulating the building construction trade and providing a substantial increase in employment.

Therefore be it resolved: that the federal parliament now assembled be urged to give this matter immediate consideration and to enact legislation necessary to provide adequate housing for people with low incomes.

And further be it resolved: that this resolution be forwarded to all B.C. representatives in the federal house and the responsible authorities at Ottawa.

I read that merely for the purpose of directing attention to the fact that throughout Canada there is a widespread impression that if we embarked on a large low priced housing scheme we would do something for the solution of the problem of unemployment. It is a resolution similar in terms to that which has been passed in most of the great cities of the country, in somewhat different terms, according to the city in which it was passed or the group which sponsored it.

But there is another view also to which attention might be directed; and as that view has not been presented to the committee, I thought it might be well for me to do so, as indicating that the dearth of houses in some of our cities is said to be because of the change of style with respect to our houses. The following letter received by me from British Columbia directs attention to this:

We wish to very strongly protest against further government competition in home building, especially low rental ideas.

It is not fair to penalize one class for the benefit of others.

Hundreds of people have worked very hard and saved their money, investing it in homes and rental property so that they and their families would not become public charges in ill health and old age.

It used to be work and save. Now it is do little and spend. This is gradually becoming a nation of mendicants. Poverty used to be a disgrace and people hid it—now it seems to be something to brag about.

Certain interests—some selfishly, others thoughtlessly—are fostering ideas of a housing shortage without regard to the eventual outcome. Regardless of what they report there is no acute shortage. One has only to pick up the papers to see plenty of houses for sale and for rent all the way across the dominion. Rentals are greatly reduced, it is becoming increasingly harder to get renters and they are demanding more and more.

These people who have built up the country and are its very backbone built at high prices and have had to spend thousands of dollars in increasingly higher taxes and maintenance (labour and material) all through these trying times. Now they are to be sacrificed in order that the great lending companies can get a safe outlet for their hoarded millions, and with government backing; and that the lower class might be properly housed—a class as a whole who has contributed very little in actual dollars to the upkeep of the country.

Mr. MACKENZIE (Vancouver): Which part of British Columbia is this from?

Mr. BENNETT: It came from Ladner. As a matter of fact, I may say to the hon. gentleman, I think it represents the views of a group.

The trust companies are violating their trusts. There are many rental properties left on their care for widows and orphans and the growing old. Now these very tenants are being enticed to build as per propaganda and solicitations—"Why are you paying for a house which you will never own? You are—if you live in a rented house! And maybe you rent because you think that you cannot afford to either buy or build a house. But have you ever figured out just how amazingly your rent is mounting up over a period of years?" Etc., etc., but they forget to state that there is very little profit and that these properties have kept up the structure of the country.

The spirit of fear has entered private initiative; they are trying to unload and refuse to further invest. You surely must realize that private enterprise is what actually makes a healthy prosperous country.

If all this subsidizing, etc., actually and permanently helped employment, one could not kick so much but they are merely stop gaps. They have not actually helped in England or France or the United States as facts and figures show. "The French government has been prodigal in its expenditures. Legislation galore has been enacted to take money from those who had accumulated savings and to hand it over to those who had not saved. 'Redistribution of wealth' is a fine-sounding phrase. It appeals strongly to those President Roosevelt calls the 'under-privileged.' But, carried far enough, such a policy inevitably ends in disaster.

Governments earn nothing. They can only rob Peter to pay Paul. And unless restraint is exercised, the day comes when the plundering process becomes no longer possible."

Let me quote from a letter from a New Yorker who is very well informed and who has been in business there for years. I think that it very adequately gives the facts.

Really I am reading this part of the communication because of that quotation, and it is an amazing quotation: I have not before seen it:

"You mentioned housing shortage, but there just isn't any such thing. The truth of the matter is that style trends in houses are partly responsible for a peculiar situation. New York anyway is overstocked with old-fashioned houses and apartments. No one wants to buy an old-fashioned type of house, without the latest in tiled bathrooms, modernistic kitchen and oil or gas heating plant. The same is true with apartments. Large ones of five, six or seven rooms are a drug on the market, and all the older type are large. Consequently people keep vacating the houses, and in many cases being unable to sell them, board them up, and the older apartment houses that aren't salable are being boarded up. Why isn't there a wholesale pulling down of old houses and putting up what people want, you will say. Because those who own the old property want to get something out of it—they want to sell it for whatever cash they can get and apparently there is no disposition on the part of those who lend to do so until they unload their holdings. Families are living with their relatives in increasing numbers because jobs are so difficult to get that a young man can't think of getting married and going out and buying a house. It is true that if all the young people living with relatives were to go out and want to buy a house, there would be a housing shortage. But the trouble is they haven't got the money and in the second place they would be afraid to buy a house right now if they did have it. So in New York at least there is a great deal more property idle than I have ever seen, including business property. In downtown New York, whole buildings are vacant and the trend is toward the merger of two firms because neither is making money, with the consolidation of both in one office, leaving the other vacant. Uptown there is plenty of office space available too. It is a standing joke about the inability of the Empire State building to rent most of its space."

There are plenty of public works crying to be done—roads for tourist traffic and our own travelling public. Etc., etc. Give people jobs and food and clothing and housing will take care of themselves.

You are the opposition, of course, but politics must be forgotten when it comes to cancers starting to eat at the very vitals of our country. If the great middle class is forced to give up, what then?

I have read that so that the minister may see there is at least something in the point that styles in houses and sizes of houses have had to do with the situation in the larger cities. In the smaller towns and communities that is not so, but I noticed a few days ago in New York that large numbers of houses were marked "for sale."

Mr. DUNNING: That condition is nowhere more apparent than in London, England.

Mr. BENNETT: As the Minister of Finance says, that condition is nowhere more apparent than in London, England. I point it out only because it indicates that there may be two sides to what seems to be a one-sided question. I confess that until such time as my mind had been set thinking along the line indicated by that communication, I would have wholly agreed with the view that there was room for large numbers of low priced buildings. But after reading that communication and setting my mind to think about some of the conditions to which my attention had been directed, I did not find it difficult to realize that there are two sides to this question.

With respect to highways, I think we should bear in mind that tourist trade in this country has become one of the most important if not our most important medium of securing moneys for the stabilization of our exchange. Last year, according to the figures presented to us, our tourist traffic amounted to more than our exports of gold. Every time a tourist tears off a ten dollar express order on New York, this means that a contribution of ten dollars has been made towards the stabilization of exchange, and every dollar that we spend which results in large tourist expenditures in this country does much not only to stabilize exchange but to give value to our dollars in other parts of the world as well as in the great republic to the south. But may I direct attention to the fact, referred to this afternoon, that in most places our roads are in an unsatisfactory condition. I know that steps have been taken to improve the situation at the entrances to our parks, and yet—I do not want to anticipate a discussion which must take place later—the truth is, because of the condition of our roads, that hundreds of people turned back last year at filling stations rather than come into Canada. They were told that the dust was such a nuisance that it would be inadvisable for them to go into our country, and they turned back and went somewhere else. I know that was so in some parts of our western country, and I believe that in one section of the maritime provinces the same was true, although to some extent it is being remedied.

With respect to the objection which was raised yesterday that we should not spend money upon provincial roads, I think there

was some misunderstanding on the part of the hon. member for Cariboo, or he would not have made the statement, because it was the settled policy of all governments since 1930 to assist the provinces in the construction of these very roads. The hard surfacing, for instance, of the road west of Winnipeg, for the purpose of enabling traffic to get to the parks without travelling through dust areas, was assisted by the federal government. Right here I should like to make this observation with respect to the road between Rio Grande and Hansard. I had not known yesterday that the matter would come up in the committee and I had not the papers with me, but on looking it up I find the position to be this. There was no survey of this road. The minister asked me a question, as did the hon. member for Cariboo, and I indicated that I had no memory of a survey. I looked the matter up and there was no survey of the proposed road in this direction, but this is the position. What is known as the Northern Alberta Railways extend into the north country until they reach well up past Sexsmith and other points, Grande Prairie and various other small stations; and it was and is still believed, that from Rio Grande a road of 130 miles would take the settler down to Hansard without crossing the Fraser river but reaching that station on the Canadian National on the north side of the Fraser river, and thus he would be able to find an outlet to the coast with as little inconvenience as possible. I cannot think that the hon. member for Cariboo misunderstood me, for I would be the last man in the world to suggest that such a highway would be a solution of the transportation difficulties of that country. All it would do would be to provide a main highway from a point connecting with the Northern Alberta Railways at Rio Grande, which is not on the railway itself, but is a nearby station on the Northern Alberta Railways. When I say "nearby," it is not as much as fifty miles; according to the figures I have it is under thirty, though possibly distances are measured in different ways in western Canada. At any rate, it is within reasonable distance of the Northern Alberta Railways. And the only point in the construction of the highway would be that it would travel west and south so as to connect with the Canadian National at Hansard station on the north side of the Fraser river. The communities having their small highways, not very good ones, would be able from the north to move south and connect with this highway, thus getting access to the coast.

That was the story which was put up by the settlers who desired this temporary solution of their difficulties. The hon. member for Cariboo is quite right when he suggests that it would not offer a permanent solution of the transportation difficulty in the Peace River district. It would not, but it would be helpful in enabling the people of that area to find access to the coast through connection with the Canadian National railway at Hansard some 130 miles distant from Rio Grande. The hon. member for Cariboo overlooked one fact. Rio Grande is in Alberta and Hansard in British Columbia, and there has never been any question about our assisting interprovincial roads, because that has been done usually by the dominion itself with the co-operation of the two provinces for the purpose of providing what might be known as pioneer settlers' roads. That is all it would be in any event, and it would take the place of a railway for a little while at least, and enable these people to reach their markets through the Canadian National at Hansard without being driven back as they now are to Edmonton and the prairie country. In other words, they have no close rail connection that enables them to get out to the Pacific. As it stands now, that block of settlers who are settled north and east of Rio Grande have to find their way out on the Northern Alberta Railways to Edmonton instead of to the coast, which is nearer and through to which they cannot hope under present economic conditions to secure a railway. I lend what support my voice can give to their request that they be given some little assistance for the purpose of enabling that road to be built as a joint enterprise on the part of three governments for the purpose of enabling them to get to the coast.

The other suggestions that have been made, it seems to me, resolve themselves into answering the difficulty to which attention was directed yesterday and to which my colleague beside me referred at length this afternoon. I was called out of the chamber and did not hear the whole of his address, but it is clear that last year we had the appropriations before us and then the legislation at the same or at about the same time. Now we do not know what the appropriations are, and until such time as the appropriations are voted by this parliament the minister cannot do anything. This legislation does not enable him to do anything; it must be done under the appropriation. This only indicates that an appropriation is to be made and authorizes him to do certain things; but those certain things can be done only if he has the money, and he cannot get the money until the supplementary estimates are passed. That is the sequence of the movement of legislation,

and as I said yesterday, I think we should have had before us, if it were possible, some idea of these appropriations, so that we might link appropriations and authority together and thus understand something of the picture.

It is not seemly that we should find the press and the populace engaging in guessing contests as to whether or not the government proposes to expend thirty or forty millions in a given way, when we know that until the appropriation is brought in they cannot spend a single sou. The minister at the present time has no authority to make payments of any kind because the appropriation of 1938 lapsed on March 31, and a new appropriation has not been made. Until such time as it is made, he has no financial authority to make payments, and so far as this bill is concerned it confers upon him only the right to do something with money when it is voted. But until such time as it is, this legislation is a dead letter and serves no useful purpose at all. It is therefore, I submit, important that we should have our appropriation measure before us at the earliest possible moment. I think it would have served to expedite the passage of this measure.

Mr. ROGERS: I should like to refer briefly to a number of points raised by the leader of the opposition, both before and after six o'clock. He made a number of statements before six o'clock, some of which I suggest that he himself will not regard with great satisfaction when he reads the report of what he said. The leader of the opposition spoke in somewhat contemptuous terms of what he described as the "academic mind." I suggest to the right hon. gentleman that it is perhaps some vindication of the academic mind that since coming to this house I have never indulged in the kind of vicious partisan attacks of which he has been guilty on more than one occasion during the present session. I also say to him, and he will confirm it, that not since coming to this house have I ever raised the unemployment question in a manner which would emphasize its political aspects.

He has also referred on more than one occasion to what he described as the scandal of patronage in the constituency of Kingston. I am going to speak of this matter moderately but in very definite terms. Two types of employment have been offered in the constituency of Kingston. On the one hand there have been temporary vacancies in the ordinary departmental services operating within that constituency. As a minister of the crown I have left the management of my constituency pretty largely in the hands of my local executive. In that respect I believe I have not departed from a practice which has been followed in other years. I am not hypocritical enough to suggest that with respect to these temporary appointments, not under the control of the civil service commission, the executive have not nominated, and I in certain cases have not recommended, supporters of the present administration. The other type of work afforded in the constituency of Kingston has been under joint works programs with the provinces, to which my right hon. friend referred the other day. One type of work has been the restoration of Fort Henry in the neighbouring constituency of Frontenac-Addington. That work is done under agreement with the provincial government and in conjunction with that government, the dominion government contributing fifty per cent of the cost of that work. In the agreement there is a provision that in the employment so afforded there shall be no discrimination because of race, religion or political affiliation. I stated the other day, and I repeat now, that as far as that type of work is concerned I have given explicit instructions that this provision shall be observed and carried out. If it has not been carried out, I wish it to be distinctly understood that any departure from it has not been with my connivance, approval or consent. My right hon. friend has not hesitated from time to time to make these indefinite and reckless charges, regardless of the effect they may have upon the reputation of individual members of this house. I hope he will accept what I have said as a statement of my position in relation to the employment afforded in the constituency of Kingston. I assure him that whenever I have had any complaint of any kind I have seen that such complaint was properly investigated, and I shall do so as long as I hold my present position as Minister of Labour.

Mr. BENNETT: What about the sale of the equipment of camp 42?

Mr. ROGERS: I have no present knowledge of the sale of camp 42.

Mr. BENNETT: Of the horses and equipment?

Mr. ROGERS: As far as I am aware that was done through the Department of National Defence. I have no present knowledge of how the disposal operations were carried out. As far as the huts are concerned, I do recall that a number of organizations engaged in welfare work both in Kingston and in neighbouring constituencies applied for those huts, and they were given to those various organizations at a nominal price. I am speaking now from memory, because, as I say, these

operations were conducted through the Department of National Defence which had charge of the camp.

Mr. BENNETT: I had reference not to the huts, but to the equipment in the storehouse.

Mr. ROGERS: I have told my right hon. friend that as far as I am aware that particular operation was conducted by the Department of National Defence. I suggest it is high time, in the interest of this house and our institutions of government, that these vague and indefinite charges cease to be made. I have no hesitation whatever in making that statement, because it is well known to hon. members that this is not the first time the leader of the opposition, upon the basis, I assume, of certain information which has come to his hands—

Mr. BENNETT: Of returns made to orders of this house.

Mr. ROGERS: —has made these charges without sufficient grounds. I am sorry to have had to raise this point. I fully understand that one should not overemphasize anything of a personal nature in a debate of this kind. I have no desire to do so, but the committee will confirm me when I say that I was not responsible for raising this question. It was raised on two occasions by the leader of the opposition. I repeat that if there has been any departure from the clause in the agreements regarding employment on relief works, it has not been done with my connivance or approval or consent.

I wish to touch very briefly on some other points raised by the leader of the opposition. He referred before six o'clock to the matter of expansion of trade as being of little importance in relation to any permanent solution of unemployment, as I understood him.

Mr. BENNETT: That is not what he said.

Mr. ROGERS: If I misunderstood the right hon. gentleman I am sure he will correct me.

Mr. BENNETT: That is not what I said. The hon. gentleman knows what I said.

Mr. ROGERS: Perhaps the leader of the opposition will state what he did say.

Mr. BENNETT: No; the hon. gentleman has undertaken to state what I said.

Mr. ROGERS: Well the leader of the opposition stated definitely that expansion of trade was not a serious contribution to the improvement of unemployment conditions in this country. He went on to take some credit to himself for the trade agreements concluded with Great Britain and other British dominions. I do not for a moment withhold from him a measure of credit for what he did in that direction. But he cannot have it both ways. If it was an advantage to expand trade with Great Britain and the dominions and thereby increase employment in this country, surely it is equally an advantage to expand trade in other directions and increase employment in this country. And that has been the policy of this administration from the beginning. Perhaps my right hon. friend will recall that there were other measures taken by him, which he suggested might again be applied in this dominion, which did not have the effect of expanding trade, but which he sought to apply as a remedy for unemployment; I refer to the emergency tariff of 1930. That emergency session was called ostensibly for the purpose of dealing with unemployment—

Mr. BENNETT: And to save this country from bankruptcy, as was known to everyone.

Mr. ROGERS: The more my right hon. friend saved the country, the worse it became. There is nothing in our experience to suggest that to go back to the remedies which were tried and found wanting in 1930 is a course which we should follow at the present time.

As to the further points raised by the leader of the opposition, which were also raised by the hon. member for Leeds (Mr. Stewart) this afternoon, I would point out once more that the decision to bring in this bill in advance of the supplementary estimates was by no means one made with a view of depriving this committee of adequate information. But it was decided that, instead of having three sets of estimates this year, as we did last year, the special supplementary estimates and the final supplementaries should be combined. That entailed a certain delay in the submission of the supplementary estimates. But my right hon. friend will surely agree that in its present form, even without the information with respect to parliamentary appropriations, the bill is precisely on all fours with the bills which he introduced year after year when he was in office. Even at the close of the session in those years parliament did not have the information which we propose to bring down in the supplementary estimates. Under the bills which he introduced there was no restriction whatsoever on the amount which might be expended or the direction in which those expenditures might be applied. So I suggest that there is nothing which should in any way delay the passage of the bill now before the committee. When the supplementary estimates are presented there will be full

opportunity for criticism of them. This bill simply gives us the authority to deal with such moneys as are appropriated by parliament for the purposes set out in the supplementary estimates.

Mr. TREMBLAY (Translation): Mr. Chairman, may I offer a few observations on the question which the house has had under consideration for the past few days. Honourable members have voiced criticisms and protests against the manner in which the moneys voted by this house have been expended in the various provinces. I may be permitted to take a few minutes to state what is being done in this regard in the province to which I have the honour to belong.

The Minister of Labour (Mr. Rogers) stated from his place in this chamber that he would not allow the money voted by the House of Commons to his department for unemployment relief to be used for political purposes. I shall quote to the minister and to the house, without adding any comments of my own, cases where, in the province of Quebec, sums voted for unemployment relief have clearly been used for purely political purposes.

Last summer, I took the trouble to visit several parishes in my constituency, in order to ascertain whether the amounts granted to Quebec province were really being used for the purposes for which they had been voted. I should like to draw the attention of the house and particularly of the Minister of Labour to the manner in which the money voted by parliament was used in the parish of St. Benjamin. This parish received relief grants to which the dominion government contributed and I investigated among others, the case of a recipient of relief who had a wife and six children, several of which were old enough to help their father. One of the sons was 25 years of age; another, 23; another, 21 and another 17, all employed in lumber camps and earning wages sufficient to enable them to support themselves and to help their father. They were all living with their father in the same house. I could give the name of this man whose three eldest sons earned $780 during six months and who received at the same time unemployment relief during six months, from November to April. This man was the sole owner of his farm which was clear of debt and equipped with rolling stock fully paid for. He had a horse, nine cows and other farm animals. His crop had consisted of 300 bushels of oats, 3,000 bales of hay, 100 bushels of potatoes and 400 pounds of maple sugar. He was therefore able to maintain his family. Moreover, he had three sons living with him who turned over to him the wages they earned in the lumber camps. In spite of that, he received unemployment relief. And I take upon myself the responsibility of stating that he received this relief solely because he was regarded by the inspector appointed by the government of the province of Quebec to supervise the distribution of unemployment relief in the parish in question as a friend of the party which is at present administering the affairs of Quebec province.

Here is a well-to-do farmer with an income sufficient to maintain his family, with three sons helping him and bringing him their wages, who receives relief allowances during six months, while another man, living in distressful circumstances, cannot obtain any relief. In the same parish, Mr. Chairman, a man with a wife and nine children, the eldest of whom is 16, has been refused relief. The provincial government inspector reported to the authorities charged with the administration of the funds voted by this parliament to Quebec province for the care of the indigent that this man has no need of unemployment relief. But see the difference! This man has only six cows—I am giving you the result of an investigation I made myself, I therefore know whereof I speak—he had harvested only 90 bushels of oats—you will recall that the other man had had a few hundred bushels—2,000 bales of hay and 50 bushels of potatoes, and he was living in a hut measuring 16 feet by 17. This family was undoubtedly in dire need. The local inspector saw all these things with his own eyes. He told me personally that he was acquainted with the situation of this farmer.

He even admitted, Mr. Chairman, that the man had a right to relief, and, after having denied him relief allowances during two months, he gave him a recommendation to that effect. However, when I went there in May, he had received nothing yet. He had a larger number of dependents than the other man, and he was destitute; and, yet, relief was denied him. Useless to say that he was not known as a supporter of the present government of the province. And that is the only reason,—no other can be seen,—why he was denied relief allowances, while such allowances were given during six months to the man who had no need of them.

I do not want to trespass on the time of the committee, but, as the minister has been good enough yesterday to ask all members to bring to his attention instances of political favouritism, I was anxious to mention those few cases,

but I may add others at a later time. I will acquaint him with what I have noticed myself in my constituency.

Mr. Chairman, as I was saying a moment ago, we hear complaints from other provinces. It would appear that in those provinces, provincial governments insist that their friends be put in charge of the administration of moneys and favours provided for the relief of the unemployed. As far as Quebec is concerned, I think no representative from that province in this chamber would contradict the following facts: For instance, the federal government contributes substantial amounts for the Trans-Canada highway project and for the construction of the Berthier-Trois Rivières highway. I do not want to shock those on your left, Mr. Chairman, who have been objecting to political patronage in other provinces, but I want to acquaint them with the fact that for the reconstruction of that part of the Trans-Canada highway no tenders were invited. Instead, the provincial government just asked four of his staunch friends to quote prices and one of them got the contract.

It is a matter of common knowledge that a friend of the provincial government—I might ask the hon. member for Lotbinière (Mr. Francœur) to confirm this, for the gentleman to whom I refer used to live in his constituency, and is now employed by the provincial government—has been entrusted with a contract on a cost plus basis, the cost of which is partly borne by the federal government. In Carlesbourg and Beauport was not Mr. François Nolin given work to do without tenders being called for, and at cost plus 10 per cent? The contractor stood no risk of losing anything.

Construction work on the Maniwaki-Senneterre highway has been allotted to Mr. Hector Moore, without tenders being called for. Again, it is a matter of common knowledge that Mr. Moore lives in Maniwaki and that he is the brother-in-law of Mr. Auger, the member for the constituency of Gatineau in the Quebec legislative assembly. Patronage has been their sole concern. I am sorry to note that they would like to continue this same system, and I object to the further payment of moneys which, undoubtedly, are being used merely for political and patronage purposes.

I could mention other instances. I need not refer to Mr. Hermann Barrette's gravel pit, for that is known all over the province of Quebec. Here we see one of Mr. Barrette's organizers buying for $400 something which is afterwards sold for $4,000 to the government, for use in connection with work upon public roads to the building or repairing of which the federal government contributes an important share.

If I may be permitted, I also wish to bring to the attention of the minister, the persecution suffered by needy unemployed; a few instances of which I mentioned a moment ago, a persecution arising solely from political partisanry, and, as I say, no honourable member of this house will deny it, whatever party he may support. Things have come to such a pass that one is wondering whether he should continue to give his approval to the estimates whereby the minister wants us to put money at the disposal of the Quebec provincial government for so-called relief work. The minister has generously given his adhesion to the scheme of the Committee on the employment of Youth in the Province of Quebec. Again, I wish to bring to his attention this well established fact, that in all constituencies of the province of Quebec, not a single one, I think, of those who have been recommended by government supporters in this house to the provincial employment commission which was supposed to help these young people, has received the consideration he deserved, and it is also well known that in all constituencies those who were favoured had been recommended by local organizers or by candidates who were defeated at the last provincial election, or else by members who are on friendly terms with the Quebec provincial government. If any hon. member of this house can show me a single case where a young man he recommended was favoured by the provincial authorities, I will gladly admit that there is no political partisanship in the administration of the funds voted by the house for the youth of our province.

It was my privilege to take part in several by-elections since the present government came into power; in Bonaventure—the hon. member for Bellechasse (Mr. Boulanger) as well as several other hon. members who were there, could also tell you that voters in these various counties were told in plain terms that if they voted for the candidate of the Ottawa government their names would be struck off the relief lists. I will point out to the minister specific cases that will prove definitely to him that such things happened in Bonaventure and Lotbiniere as well as in other counties.

Mr. Chairman, I do not intend to keep the house any longer on those questions, but I wish to point out that without a closer supervision of the funds voted by this house for

relief in Quebec, the present government of that province will be left free to employ systematic persecution against certain groups of people on relief who are not sympathetic to that government.

Mr. Chairman, since we claim to have responsible government, since we from the province of Quebec are proud to think that our forefathers fought for responsible government, I ask the minister who is presently responsible for the administration of public funds if we can retain any longer the present system and still claim to have responsible government.

Mr. WERMENLINGER: Mr. Chairman, I rise at this time to speak to one particular case, and no more. This afternoon the hon. member for St. Henry (Mr. Bonnier) took exception to certain remarks which had been made by the hon. member for Mount Royal (Mr. Walsh) with respect to works which had been promised during the by-election in St. Henry. A tunnel was promised under the Lachine canal at Côte St. Paul, which is the ward that gave an absolute majority to the hon. member for St. Henry out of the four wards in his constituency. The hon. member for St. Henry inferred that as the hon. member for Mount Royal was opposed to these projects, the other hon. members on this side who represented constituencies on the island of Montreal were also opposed. As far as I understood the remarks of the hon. member for Mount Royal, he said that the tunnel in Côte St. Paul, the abolition of a number of level crossings and the completion of the terminal station in Montreal, would involve millions of dollars. Those were election promises, and the inference has been that we are opposed to any projects for the alleviation of unemployment. That is a dangerous thing to have on Hansard as we are not opposed to any works provided they can be accomplished. However, we are opposed to promises and mathematical impossibilities.

The hon. member for St. Henry is not in his seat this evening. I want to say that he is a neighbour of mine and one of the most respected citizens of Montreal. He is an alderman for the ward that gave him the majority which has permitted him to sit in this house. The three other wards in his constituency voted against him. I am for the tunnel; the hon. member for Mount Royal is for the tunnel, as is the hon. member for St. Lawrence-St. George (Mr. Cahan) and the hon. member for St. Antoine-Westmount (Mr. White). We are for the building of the terminal and the abolition of level crossings. The inference to be drawn from the remarks in French this afternoon by the hon. member for St. Henry is that the members from the island of Montreal who sit on this side are against these projects. We are not against them; we are for them.

Two ministers of the crown—I do not know to what extent they are responsible—have sponsored a project near my constituency and I would be silly if I said I was against it. The hon. member for St. Henry must not forget that if Dame Rumour is correct, only $40,000,000 is to be provided for the construction of public works to relieve unemployment. If the promises made by the two ministers of the crown on a memorable occasion are fulfilled, there will be nothing left for the rest of Canada. My constituency is a bulwark for the constituency of the hon. member for St. Henry, at least for that ward in his constituency which gave him the necessary majority to be a member of this house. His remarks this afternoon were not correct as the other members from the island of Montreal are sympathetic with him. The hon. member has said that if these projects are not completed, the other four members from the island of Montreal should be blamed. I want it to be on Hansard that we are for his projects just as soon as they leave the field of imagination.

The Minister of Labour who is sponsoring this bill knows that the city of Verdun has done the best it could to carry out the provisions of the agreement under which certain works were constructed. We have acted according to specifications, or according to Hoyle, so to speak. Verdun is situated on the beautiful St. Lawrence river opposite the Lachine rapids, in the most picturesque spot on the island of Montreal. For twenty-two years the international highway to New York, via the lake St. Louis bridge and Malone, has been threatened with floods. During that time the city of Verdun has paid out $555,000 from its budget to protect this highway by increasing the height of the dyke. The dyke at this place is made of clay, whereas at other places, not so vulnerable, it is made of concrete. The employment commission has laid great stress upon the importance of the tourist traffic. We have been doing all we can to bring in tourists. They love to come to Verdun, the same as the Minister of Labour. When he came there he was received like a prince, and I believe he was satisfied with the work that had been done for the small amount of money which was provided, fifty-fifty, provincially and federally. With due respect to the hon. member for Dorchester (Mr. Tremblay) I give the minister all credit for what was done.

Nevertheless, since 1906 we have had floods in Verdun. We have spent $550,000, though it was a federal proposition, due to the harbour works, the docks, and the Victoria bridge. In the thawing season ice banked up against the bridge, creating a reservoir by which the level of the water in the early spring was increased. We have endured this flooding. We have never asked for any compensation. Perhaps I should not say that we did not ask; we bothered the life out of the Minister of Public Works between 1930 and 1935, as the hon. member for Leeds (Mr. Stewart), who is now in his seat, will recollect. He went so far as to send engineers into our municipality to find out whether we were right or wrong. The reports are in the archives or the vaults of the Department of Public Works to the effect that Verdun needed a protection wall, for the protection of its population, for the protection of the city of Montreal, which was at the same level, and for the protection of Côte St. Paul, which gave a majority to the hon. member for St. Henry. We have protected them by our own finances. Now the hon. member for St. Henry comes along this afternoon and takes exception to certain words uttered by my colleague the hon. member for Mount Royal, who is not opposed to these works, but who, like the hon. member for Hochelaga (Mr. St. Père), who is in his seat now, will not say where the wharves and the harbour are situate or where the cause of the danger and the threat against our city is located. They cannot say that we have opposed any of their projects; we have never done so, although the hon. member for St. Henry this afternoon indicated that we had.

I shall conclude my remarks by asking if, after all these sacrifices on the part of the city of Verdun, which has doubled its population in the last twenty years, which has a record in Canada—if I can be contradicted I shall be pleased to hear the facts—of having enlisted during the great war the largest number of men in proportion to population, which has made great sacrifices, and which can still balance its budget, our people should be punished because they have managed their affairs in a patriotic way. Let it be understood, Mr. Chairman, that we do not regret our sacrifices; but we say this, that the industrial centres must be taken care of, and ours is an industrial centre. We have done our best. We have controlled our population. Our population is made up fifty per cent of English from the other side of the ocean, good people, and fifty per cent French, also good people. They have been patriotic and should receive consideration. In the industrial centres, according to my experience, unemployment is worse than anywhere else. I hear of such projects as roads to be opened up from the Peace river. I hear of various reforestation schemes. But why throw our money in the bush? Why throw our money into rivers? Why expend our resources on places where the rivers can be used only with canoes to search for lost aviators? Why not take care of a population which, coming from the old country, has grown up with us, has benefited Canada and is willing to stay with us? If, as is rumoured, a sum amounting to $40,000,000 is to be spent, for heaven's sake let us spend it in places where sacrifices have been made for the upkeep of our civilization and the maintenance of our rights. I observe that the hon. member for St. Henry is on my side now.

Mr. MICHAUD: The hon. member is for the tunnel?

Mr. WERMENLINGER: It is better to spend less money in a number of places, to distribute it in a thrifty way so as to satisfy everybody, than to put the whole $40,000,000 in one place to build tunnels, even if the election was a tough one to win.

Mr. MALLETTE: Inasmuch as I am one of the members for the island of Montreal, I was glad to hear our friend the hon. member for Verdun support us in our demand for a tunnel at Côte St. Paul. That makes it about unanimous, because he said that the hon. member for St. Lawrence-St. George favoured it, the hon. member for Mount Royal was for it; but he said, I believe, nothing about the hon. member for St. Antoine-Westmount.

An hon. MEMBER: Yes, he did.

Mr. MALLETTE: I take it for granted that the hon. member for Verdun would not make such a statement if he were not sure of his ground. He is a friend of mine, and I have known him for some time; he does not take a chance but says what he knows to be the facts, and it is gratifying to us to know that he is supporting us in our request. During the St. Henry by-election I was one who helped our hon. friend the present member. My contribution was not very large, but it was given heartily because I believed that his cause was a good one. The hon. member for Verdun, so far as I know, did not come out at the time to oppose these expenditures, so I have no doubt about his sincerity, and I am sure that the people of Montreal, especially the Liberals, will be very glad to hear the statement which has been made to-night.

As regards the objection voiced by the hon. member for Mount Royal, inasmuch as the hon. member is not in his seat at the

moment I shall read from the Hansard report of the debate of February 8 last. On page 276 the hon. member for Mount Royal is reported as saying:

> Is there anything of political significance in the increase in the amount of money required by the present government as shown by the estimates? Do they contemplate an election? Do they contemplate fulfilling some of the rash promises they made in Victoria, St. Henry, and other parts of the country? I would ask the hon. member for St. Henry to go through the estimates carefully. If he does so he will not find in them any reference to a tunnel under the Lachine canal; he will not find any reference to the removal of railway tracks from his division of St. Henry; he will not find any reference to an appropriation to be used to fill the hole on Dorchester street; nor will he find anything that will lead him to believe that the present government is going to build a bridge from the lower St. Henry division to the section of Notre Dame de Grace.

Knowing what took place during the election, is it to be wondered at that the hon. member for St. Henry took objection to this statement, no matter in how friendly a spirit it was made? I for one, notwithstanding my friendship for the hon. member for Mount Royal, have no hesitation in supporting the hon. member for St. Henry in his contention.

It was not my intention to speak on this particular occasion, but there is one item besides my answer to my friend the hon. member for Verdun which I think should come up. If I understood this afternoon the hon. member for Winnipeg North (Mr. Heaps), he advocated having unemployment insurance whether the provinces agreed to it or not. As I understood his remarks—he is within hearing distance and can correct me if I am wrong—I think he said the government should take about the same position as was taken with reference to the Old Age Pensions Act, namely, pass an act and then let the provinces which are interested apply it. That may have looked wise at the time; but I feel that it should not be contemplated now, because I am convinced that it would lead to trouble. If this or any other government were to pass an unemployment insurance act against the will of one or more of the provinces, and proceeded to apply it to all the provinces which were in favour of it, leaving outside those provinces which were not in favour of it, I am afraid that those provinces which were left outside would make claims upon the government for compensation. I am sure that past governments were lucky to avoid situations of that sort under the Old Age Pensions Act, and I have no doubt that if the present government were to go ahead and put into effect an unemployment insurance act and carry it out in the manner I have explained, there would be trouble. The hon. member for Winnipeg North suggested that a referendum be taken. There is merit in that suggestion, but I am afraid that it would land us in a good deal of trouble. Just as you find that provinces are unwilling to come under a general act, it might be found that certain sections of a province, or certain provinces, might express unwillingness through the referendum, and then what would the government do?

Mr. HEAPS: Does the hon. gentleman think that one province should hold up the rest of Canada in regard to necessary social legislation?

Mr. MALLETTE: I do not think that on principle any province should oppose the rest, but if one province acted as I fear it might act, it would be entitled to compensation.

Mr. HEAPS: Apart from the question of compensation, does the hon. gentleman think that one province should hold up the rest of Canada in regard to necessary social legislation?

Mr. MALLETTE: It seems hard, but if you passed such a law you would be inviting trouble.

Mr. HEAPS: Inviting trouble from the majority or the minority?

Mr. MALLETTE: I am speaking not of majorities or minorities but of provinces.

Mr. HEAPS: I am speaking of the majority of the provinces. Does the hon. gentleman think it is fair that one of the provinces, I do not care which, if it did not wish to come under a general scheme, should prevent the rest of Canada from taking advantage of it? Is that what he means when he speaks of inviting trouble?

Mr. MALLETTE: If such an act were passed, notwithstanding its legality or otherwise, and some provinces did not wish to have it applied to them, they should be entitled to compensation

Mr. HEAPS: Would they be satisfied if the rest of Canada wanted the legislation?

Mr. MALLETTE: An hon. member says that I am not the minister. The hon. member for Winnipeg North addressed me not as a minister but as a colleague and I am answering him as a colleague. I say that if such a law were passed and one of the provinces opposed it, that province would claim compensation.

Mr. HEAPS: What does the hon. member mean by compensation?

Mr. MALLETTE: If it were done on the basis of population; then the province claiming compensation might make its claim on the basis of population.

Mr. HEAPS: It is a question not of principle but of money?

Mr. MALLETTE: It is a question of principle which involves money.

The leader of the opposition made reference to certain political dismissals. I know the right hon. gentleman is busy and he may not be able to listen to me. I should like to know whether a number of the letters to which he referred did not have to do with dismissals in Quebec.

Mr. BENNETT: Those were questions of employment.

Mr. MALLETTE: Those fellows who were dismissed were looking for employment. This afternoon the leader of the opposition referred, not unkindly, to the adulation which was showered upon the Minister of Labour in this debate, and which I am glad to say, did not come only from our partisans or satellites, as the hon. member for Mount Royal called us. The right hon. gentleman also said that in the days when he was in office there was no such kindness shown to those who were then on the treasury benches. Perhaps there was not, and I am sorry. I can assure him that if my electors had seen fit to elect me five or six years earlier, I would have been one of the kind ones. But the fact was that there was then no reason for adulation because in the country everyone thought there was only one man in the government, and that was the Prime Minister, so that there was no need for compliments.

May I say that the electors of Jacques-Cartier are thankful to the government and to the Minister of Labour for what was carried out in the way of unemployment relief work in our constituency. We have been greatly benefited in Lachine and in other parts of the constituency. It may please my friends to my immediate left to know that in the matter of unemployment relief expenditures in my constituency I had no difficulty with the provincial administration. My secret was simple. I told my supporters, men of good will like myself, to go ahead and meet other organizations, not to look for trouble or to make trouble but to arrange things in the interests of the people of the constituency. That was the suggestion which I made to them and which they followed, and there was no trouble. In that part of the constituency which lies in Montreal I did not have such good luck; but I hope that with the experience gained in the last few months in Montreal, when the next works are carried out the results will be better.

The provincial government is at last going to build a highway for which I have been fighting so long in the house and outside. The construction of highways is a purely provincial matter, and I suppose I shall be told that it is not a concern of the federal government. May I point out that the construction of a road through the western part of the island of Montreal in which the constituency of Jacques-Cartier lies, will necessitate the abolition of several railway crossings. I hope that when they are abolished the government will act generously towards the electors of the constituency, who, I am sure, will be grateful.

Mr. BENNETT: I desire to make but a very few observations in reply to what was stated by the Minister of Labour. In no sense did I wish to depreciate his academic training or his high record of scholarship; but where much is given, much is expected, and when he came to this house it was expected that at least his concern for democracy would be in keeping with one of his attainments. One of the curses of democracy to-day is political patronage in the manner in which it is administered in Canada at this very hour. If I made the observation that the conduct of the department indicated that the academic mind had brought nothing better to bear upon it than the untrained and unskilled mind, I but stated what is at this time the view of very many people in the country. The minister has said that he cannot personally be responsible for what takes place all over the country. I agree with what he says in that regard and on several occasions have so stated. But I would expect that when the Prime Minister of this country made the declaration he did the other evening, and when the Minister of Labour declared that he has followed those provisions of the agreements which provided that there should be no discrimination, some little effort would be made to see that this was done.

The minister selected a very bad illustration indeed. The Fort Henry work was done under contract, and the contract was let by the provincial government. It is all very well for the minister to say that he asked the provincial government that there should be no discrimination. But the contractor, the Frid Construction Company if I remember aright, had as one of its officers, according to the letterhead I have, the president of the Kingston Liberal association. And in answers to questions put upon the order paper, not

one, two or three, but many of them, we have it indicated that men were given employment on the recommendation of that very man. Those were men who had no more claim upon employment than others unemployed. They were not selected by their names being taken out of a hat; they were not called; but this man sends a letter and on the strength of it we are told by the return filed in this house—not veiled insinuations of the leader of the opposition—that these men went down to Trenton and other places and were given their positions on the recommendation of that man.

Mr. ROGERS: At Trenton, does my right hon. friend say?

Mr. BENNETT: I think Trenton was one of the places.

Mr. ROGERS: But this was not relief work.

Mr. BENNETT: Oh, then there is a distinction between the two?

Mr. ROGERS: Certainly there is.

Mr. BENNETT: The Prime Minister made it clear that there should not be discrimination, but we will leave it that they were not all on relief work. Fort Henry was a relief undertaking in part at any rate. But the statement of the minister is wholly beside the question. What does it boot that he should say to the government of Ontario; "There must be no discrimination"? The contractor who got the job has no such condition imposed on him. His job is to do the work, and he responded, as the return made in this house indicates, to the political necessities of the situation. The same thing is true in other parts of this country. Yesterday I mentioned Long Branch, and I might mention Banff. I might go all across the continent to Victoria. I might mention work in the provinces by the sea; there is the same sort of thing there. That is what is destroying confidence.

If the minister will look at the cost of administration, he will find that, according to the return, during the last fiscal year the cost of administration went up to $225,000, excluding the $17,000,000 disbursed by the agriculture department. That percentage is nearly twice, and sometimes much more than that, the percentage expended by the preceding administration. How is that accounted for? Why is it so? Would you not think something would have been learned with respect to it? This is not the time or place to take that up at length, as it will be taken up. But if we turn to the report made, it will be found that the cost of administration is stated in the table in the report of the dominion unemployment relief commissioner, and it shows that on a total expenditure of $17,000,000 under the 1930 act the cost of administration was $43,000; the next year, with $42,000,000 expended, the cost of administration was $85,000; the next year the cost was $67,000 on a total of $26,000,000 in round figures; the next year, $87,000 on an expenditure of $41,000,000, or about two per cent. The next year on an expenditure of $40,500,000 the administration cost was $88,800. For 1935, on an expenditure of $49,500,000, the administration cost was $140,000. The next year, 1936, administration cost $179,000 for an expenditure of $47,000,000; and this last year, despite all the talk of economy, and all that has been said as to the desirability of exercising the utmost care with respect to our expenditures, $225,000 was spent for the administration of $27,000,000; or between eight and ten per cent, compared with two per cent in days gone by. Why is that? The answer is obvious. All one has to do is to read the reports in every part of this country, not one part only. The minister says, "I assure you I had nothing to do with regard to these particular matters." "Even in Kingston," he says, "I left it to someone else." I quite agree that he cannot be expected to deal with all these matters, but there are broad questions of policy for which he must answer. There are broad questions of administration for which he must be held responsible. That is one of them: The expenditure of $225,000 for administration cost on an expenditure of $27,000,000, relatively four times as much as spent by the preceding government for the administration of expenditures under their control. To talk about blank cheques and appropriation control having regard to a cost of from eight to ten per cent on the one hand and between two and three per cent on the other—well that is the position.

I asked the minister about camp No. 42 at Barriefield. It is not a question of an insinuation; there were statements in the public press and from the public platform as to what was realized for Bain wagons, horses and other articles which were in that storehouse which was burned. The minister says they have had the return to an inquiry with respect to that affair, about which I hope we shall learn something further presently. Those are facts, not my statements; they are in the returns brought down in answer to inquiries. Remember, we are few in number, scattered all over the vast area of this country. We have been endeavouring to ascertain some facts. It has been a slow process to get at

them. But the facts disclose, first, increased cost of administration, nearly four times as much as the former government expended on administration. Second, did members of this administration tell the people of Canada in 1935, when asking for their support, that they would not have a commission to deal with the matter but were going to deal with it in the same way as that which they had condemned? We remember the kind of speeches made by Mr. Peter Heenan in this house and others of that type, their condemnation of the government of that time for expending moneys, the charges made of political administration, and the holy attitude taken by the opposition of that day: Let us have power, we will see to it that this is conducted in a manner which will reflect credit upon our fairness, our impartiality, our desire to serve the body politic. That is what happened.

I think I hear the present Prime Minister, standing in this very place in the house, pointing out how sad it was that in this great country there was political administration of relief moneys; how desirable it was that we should have a great commission to coordinate and cooperate the work so that the provinces, the dominion and the municipalities might work together. One was almost moved to tears, hearing the pathetic tones in which the right hon. gentleman referred to what was taking place. Suppose he had gone out and told the electors of Kingston and other places that they had no intention of doing that; that all they intended was to appoint a commission to make some investigations, and then not adopt the commission's reports. Who will say that the report of the national employment commission is the final word they had to say about it? That is what we want to know. This commission that was to administer has not administered; the commission that was to deal with these matters has not dealt with them. There has been no change in administration, except to impose an administration four times more costly than we had before. That is what we have.

Then the minister referred to expansion of trade and tried to assume or make it appear that I and other members on this side of the house were opposed to trade expansion. The trade agreement negotiated with the United States of America came into being because of proposals which had been made under the previous government and because every step that the law required in the United States had been taken before the present government came into office. The hearings before the tariff commission; the complaints; the opportunity for representatives of industry in the United States to present their case; all this had been done before hon. gentlemen opposite ever saw office or heard of it. Why, sir, when the minister says we are opposed to the expansion of trade, only the other day we heard the Minister of Trade and Commerce (Mr. Euler), with a couple of trade agreements, say, "Well, this is no change from the practice that exists to-day or from the practice that existed before we came into office. It is the same thing; only we have signed an agreement with them now, or the British consul did it for us down in some remote section of the world." The same thing may be said with respect to other countries, such as Australia and New Zealand, for example. It is true that the government varied the agreements they found when we left office, giving those two countries greater opportunities to sell their products here without any corresponding advantage to this country in those markets. It is true that there has been discussed the question of a new trade agreement with the United States which involves the motherland as well. But when the hon. gentleman says that this opposition has been opposed to the expansion of trade, he must know that the facts are entirely at variance with that statement.

I will tell you, Mr. Chairman, what we are opposed to. We are opposed to trade that renders it so easy for other countries to place their products in this land that they dispossess Canadian workmen from their jobs. That is what we are opposed to. We have lived long enough to see the Minister of Labour, who prepared a statement that has been thrust before the Rowell commission in every province in which it has sat, with the possible exception of Ontario—I do not know whether it has reached there or not—stand in his place and say, "Oh, do not do away with tariffs after all." And these compensating advantages, to which reference has been made, I suppose are nothing more or less than the statement made by the present leader of the opposition in the Walker theatre in Winnipeg in 1930 with respect to compensating adjustment; not compensating advantages but compensating adjustments.

Those are the facts. Trade? Of course, but trade on fair terms; trade that will not hand the Canadian market over to the stranger, to dispossess the Canadian workman of his job; trade, sir, that will do more, that will expand within our own markets, so as to provide additional employment for our own people. You may call it economic nationalism or anything you please; but there will be no solution of your unemployment problem in the cities and towns of Canada until, by

industrial expansion, every Canadian is afforded the opportunity to find a job in his own country. Let there be no doubt about that; whether it be an agricultural implement factory or a textile factory matters not.

When the minister talks about trade expansion, let him keep in mind one thing further. The conditions under which the emergency tariff of 1930 was passed were conditions the like of which this country had never before seen. What is more, it was the direct result of what had been done by the preceding government, following 1929, when the United States, as the figures show, had entirely shut us out of their markets and left us the dumping place for their surplus products. We did put on an emergency tariff, and we saved this country from absolute insolvency and bankruptcy. What is more, the strongest testimony in that regard has been given not by Conservatives but by Liberals themselves, dispassionate, disinterested patriots who have looked about and seen the conditions, and who have realized that the steps which were taken, difficult though they were, had to be taken because of then existing conditions.

In connection with the sales tax we had the budget speech of the Minister of Finance a few short months before the election of 1930, cutting the sales tax in two in the face of a deficit amounting to millions of dollars, and imposing upon his successors the necessity of taking the steps they did take with respect to revenues. These are the facts with respect to that, and the sales tax has now risen to eight per cent, a figure never before reached and maintained in this country. I repeat, sir, that when the minister says those on this side of the house are opposed to the expansion of trade, he knows that is at least at variance with the record. Whatever else he may know, he can find from reading the records that his statement is at variance with the facts. What is more, the upward trend had begun long before this government took office. All one has to do is read the reports of the banks and financial institutions of the country; the upward movement had commenced and, what is more, the reduction in tariff imposts had also commenced. I sometimes wonder that any hon. member sitting on the other side of the house would have the hardihood to talk about tariffs in view of what followed after we imposed an exise tax of one per cent. That was condemned. We raised it to three per cent. I wonder if there is anybody in this chamber who read the debates or heard what was said who has forgotten the condemnation of that excise tax by the present Prime Minister. And it is still there at three per cent. We took it off Great Britain and empire products before we left office, in accordance with our promise that just as soon as economic conditions permitted we would make reductions. But that excise tax is still three per cent, sir, and the sales tax is eight per cent, two per cent higher than the highest it was under the late administration. The corporation tax is fifteen per cent. I think the income tax on individals has not been changed, but there are the facts.

I repeat that the expansion of trade is important; but the kind of trade that creates unemployment, that deprives Canadians of a limited market of only eleven million people, that makes us the dumping ground for the products of countries which deny us the opportunity of selling our goods in their markets, will not restore prosperity to this country.

Mr. ROBICHAUD: Is there trade of that kind?

Mr. BENNETT: It exists to-day in connection with some commodities in this country. I suggest that the hon. gentleman take the trouble just to read the trade and commerce reports for the last few months. If he will read the reports for January, February and March, he will have no difficulty in the world in finding out exactly what I mean.

Now, Mr. Chairman, the minister makes a clear distinction between relief and non-relief works. I have not in this house raised the question of appointments to casual vacancies, which right governments have exercised from time immemorial. I have made no complaint about that, and I have said in this house that I had no complaint to make in that regard.

Mr. ROGERS: That was why I made that distinction.

Mr. BENNETT: No; that was with respect to what one might call the casual vacancies in the public service. For instance, I do not object to the Minister of Labour, if he finds it necessary to appoint a stenographer, to take some one who is friendly to his party. He has never heard me raise such a complaint But when it comes down to the question of public moneys that are to be utilized for the purpose of keeping people from being in the bread line and on relief, then I think it is clearly the duty of the government to see to it that men are not prejudiced by reason of their political belief.

If I say it has been done, I merely state what is known to me personally to be the

case in my own community. I can speak only with respect to personal knowledge concerning some few communities. For instance, in Victoria a man came to see me. It is true he may have been telling an untruth, but my investigation indicated that it was the truth. I certainly did know in Calgary how the Banff national park was operated, a matter we shall discuss when the estimates are taken up in committee of supply. I certainly know how other western communities have been treated. I have a large volume of correspondence about the matter which at the proper time will be made available. Whether or not I have been misinformed is another question altogether. But the statements have been made, and that at least I believed them to be warranted I believe goes without saying. I do not for a moment suggest that the minister can personally oversee all these matters, but I do say that a strong minister can see that it does not happen. All you have to do is to have it clearly understood by your officials that they will suffer the penalty of disobedience if they fail to carry out your orders.

Mr. ROGERS: Is it fair to ask my right hon. friend if that did not happen under his administration? Would he be prepared to say that camps 42 and 37 in Frontenac-Addington were conducted along the lines he has suggested?

Mr. BENNETT: That is a fair and proper question. I say to the minister at once that I believe there was an effort on the part of some people to use political means with respect to those matters. I know that at Calgary, where they were carrying on an undertaking in connection with the Currie barracks, I received a letter the other day from a man who is now no longer there, giving his experience as to the way in which men were taken on. The names were put in a hat and drawn out, regardless of what their political faith may have been, under the direction of the mayor. He said that when last spring he went up to try to get employment, it was no longer possible to get it unless you had a letter from a man called Hyde, who was my opponent in the recent election, or from Joe Shaw, who ran in Calgary East. He said, "I object to that. And, what is more, I have a solemn declaration I took with respect to some of these matters, because I felt they might be questioned."

What is true there is true with respect to some other sections of the country, because I have made inquiries in the same way. The minister is quite right when he says that in all parties at all times there are those who will endeavour to do the very thing about which I complain. But the Prime Minister the other day declared his opposition to that. Frankly, I believe that if one takes sufficient time and makes it clearly understood to his officials what he intends to be the result of disobedience, he can accomplish his purpose. I say that to the minister.

I certainly do not expect the minister to run around and look at every John Smith and Peter Jones who may be employed, in order to ascertain whether or not he had a card or did not have a card, or whether he did or did not belong to this or that association. I believe the minister will credit me with not expecting him to do that. But I do say only one thing, something to which I had reference this afternoon—and I still stick to it—that it is one of the dangers which threatens this very democracy about which, in the language of one of our former members in another place, we talk a good deal about but which we are only bringing nearer to its own end by giving our approval to conditions such as these.

If you have a large part of the population who feel, as many of them do, that this is an unfair exercise of power, you create a condition which has an extremely injurious effect upon your institution. We are living in times which are very much different from the buoyant days of long ago. When I first came to this House of Commons in 1911, conditions were entirely different. I remained in it until 1917, when I was not again a candidate. I recall distinctly the circumstances under which, when war came, there had to be an entire change. It was no longer a question of war effort being limited to just one class of people. An effort made in that direction certainly brought about most difficult and dangerous consequences.

We are now fighting a greater war in one sense than we have ever been engaged in. It is a war against unemployment; it is a war against poverty; it is a war against conditions the like of which, despite our richness as a new country, we have never known before. I could not help thinking, as I am sure the minister must have been thinking this afternoon and this evening, of the promise made in Montreal by a minister of the crown when he said he spoke for the government, and when he gave a promise which is the exact negation of the present policy of the government. He said that the government would deal with the municipalities, if need be, despite what might be done by provincial and other organizations. That cannot but be injurious to the body politic. The question of promised public works projects stood in the same position.

I suppose no hon. member has a wider academic knowledge of the historic side and setting of this situation than has the Minister of Labour. From what I know of his attainments I believe that is so. He must know that even with our limited knowledge, we know we are living under conditions which are tremendously different from any we have ever had before. The other day I was reading of what happened in this country in 1875. In that year there was a bread riot in Montreal. Alexander Mackenzie wrote a letter trying to still the agitation which existed regarding public works and matters of that kind, and saying that an engineer was looking into the situation. This happened, although a few months before Lord Dufferin had told the Canada Club in London that conditions were excellent. That was the condition in 1875. It was not anything approximating present conditions.

If I might be pardoned for saying so to the minister, I am greatly concerned about present conditions in this country. I am concerned because of the disharmony among the provinces. One finds it manifested in the briefs that have been presented to a commission which never should have existed, which has brought out differences on a scale never before known—a scale not expected—and never before manifested. We have here to-day a great and rich province making complaints about its contribution to the exchequer—and seriously, mark you. This is not as though it was some kind of spasmodic expression of opinion in a newspaper. It is a solemn and serious declaration by the first minister of the province, and by his responsible officials, in the greatest and most populous of our provinces. We have manifestations of disharmony and disunion in public statements in the other provinces.

It was that sort of thing which the present Prime Minister, when leader of the opposition, pointed out he desired to meet by appointing a commission for the purpose of dealing with this vast question of unemployment and relief. I was opposed to it because I felt we could not get a federal commission which would deal with it adequately. I believed we might be able to bring about through the provinces and the dominion a condition which would ensure some measure of harmony. Despite all that may be said, during a period of four or five years we brought the provinces together here year after year. The first suggestion of direct relief in Canada came from a representative of one of the two largest provinces. That is strange, but it is the fact. They felt that conditions were such that it had to be done and they pressed that it should be done. We said that we could not undertake this ourselves and we made them grants in aid. That was not the first or second year, as the minister will remember from the records. I realize, and I have never failed to realize; the late government realized that this was a very serious matter; that we were embarking on something which we believed would not last long. We said it was only a palliative. We believed that the upward trend would overtake the conditions which existed and we acted accordingly.

The minister knows that the improvement went up and up and up, and to-day there is a recession which was brought about in this country largely through what one might call the sympathetic feeling that has pervaded the whole world by reason of conditions which came into existence in the great country to the south. World trade, export trade, has diminished by hundreds of millions, according to the League of Nations. That is a great deal of money. That condition has been brought about through what one might call the impelling force of fear upon the minds of men who otherwise had vision and confidence and grasp and grip and the ability to deal with problems. The reaction in this country was later in setting in. We did not get the full force of it, and I am not sure that we have yet felt the full force of it. But we began to get it in the latter part of last year. It might be said that we began to feel its increasing weight somewhere about October. The Minister of National Revenue (Mr. Ilsley) knows how it was reflected in the volume of exports and unfortunately in an increase with respect to some of our imports.

Look at the condition with respect to the cattle industry. We have been driven to sending our cattle across the Atlantic ocean to utilize a market which we have made just a market of convenience. We issued a warning that if this market were used only as a market of convenience, you could not expect to have the facilities to send your cattle there when you needed them just because it was convenient. They cannot be sent into the United States. With the quota against us exhausted, we are trying to find a place across the ocean to which to send our cattle.

We might mention other matters. In my opinion that state of affairs necessitated a very bold course being taken at once by the government. Something is needed to restore the confidence of the people, to lift them out of the thought that they have to go through a depression just because our neighbours to

the south of us have to; that this 11,000,000 of people must necessarily suffer as 125,000,000 or 130,000,000 of people are suffering. I expected some action, but it has not been taken as yet.

Mr. KIRK: Blast ourselves into the markets.

Mr. BENNETT: It was Disraeli who once made some observations about the volcanoes that might be found on the coasts of America; that they belched forth just occasionally, and that was all they were capable of doing.

Mr. GARDINER: That is an old chestnut.

Mr. BENNETT: As he pointed out, that condition was not entirely free from danger to those who were in the immediate vicinity. I pointed out that we did expect and we do expect and that this country expects some action. It is not good enough to say that we have repeated here what we did last year. I have looked at the preamble and I shall discuss it at the proper time. There has been a little difference in the preamble each year. The mosaic has been differently shaped; the words have been cast about in much the same way as was done in the agreement of 1937 as compared with that of 1932. It was the same in the end, but the pieces were placed a little differently. The preamble to this bill is in that position.

May I say to the hon. gentleman I think he will find that something more heroic is demanded; not heroics, something more heroic. Something more striking is needed, something that will do a real job to restore a measure of confidence in the minds of the people, that will induce Canadians to rely more upon themselves, that will make them understand that the government is an instrumentality and not in itself an end, that the government which is here is here to help, that it is here not for the purpose of affording, shall I say, a living for all the population, but rather to assist the population in getting a living. I think it will be found that you must embark upon bold policies that are at variance with those which the bill now under consideration expresses, and this section in particular, contemplates.

Section agreed to.

On section 4—Agreements with provinces and others.

Mr. PERLEY: The section under which the government are given the power to use a blank cheque has been passed, so I think it would be well for them to sleep on the matter and digest the statement they have just listened to, made by the right hon. leader of the opposition.

Section stands.

Progress reported.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

Wednesday, May 4, 1938

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

BEEF CATTLE STATISTICS

Mr. LEADER:

1. How many pure bred herds of beef cattle are accredited for T.B. or are now being accredited in each of the provinces?

2. What are the number of breeds (Shorthorns, Herefords and Aberdeen-Angus)?

3. How many herds are under federal supervision as per above?

4. How many provinces have tuberculosis free areas?

5. What are the names of such provinces, and what area is under test in each of them?

6. How many areas in Canada have complied with the regulations and are awaiting federal government action in regard to the initial tuberculosis test?

7. What are the number of cattle under test in each province, classifying as to breeds, both dairy and beef, including accredited herds?

8. What is the total number of cattle in Canada?

9. How many bulls have been purchased by the federal government during the last ten years and loaned to farmers under the bull loaning policy?

10. What are the number by breeds (beef style)?

11. What type of beef animal is in demand in the British market?

12. Has any preference been expressed for any particular breed?

13. How many Canadian cattle were exported to Britain in 1937?

14. Has the government any information in regard to the type of feeder cattle exported by Ireland to the British market?

15. How many Irish cattle were exported to Great Britain in 1937?

Mr. GARDINER:

1, 2 and 3.

Pure Bred Beef Herds

Accredited

	Aberdeen Angus	Hereford	Shorthorn	Red Poll	Total
P.E.I.	..	..	4	..	4
N.S.	..	2	2	..	4
N.B.	..	..	3	..	3
Que.	4	4	74	..	82
Ont.	29	39	447	3	518
Man.	21	22	131	9	183
Sask.	17	6	70	3	96
Alta.	6	5	31	6	48
B.C.	..	..	..	1	1
	77	78	762	22	939

Under Process of Accreditation

P.E.I.	..	..	..	..	..
N.S.	..	..	..	..	..
N.B.	..	..	1	..	1
Que.	..	..	12	..	12
Ont.	4	6	65	3	78
Man.	4	1	3	..	8
Sask.	..	..	2	1	3
Alta.	1	5	4	..	10
B.C.	..	..	..	..	..
	9	12	87	4	112

4. Seven.

5. Prince Edward Island, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, British Columbia. Areas under test in the above provinces:

New Brunswick: Counties of Albert, Westmorland, Charlotte, Carleton.

Quebec: Counties of Laval, Jacques Cartier, Rouville, Richelieu, Yamaska, Frontenac, Papineau, Vaudreuil.

Ontario: Counties of Glengarry, Prescott, Russell, Carleton, Frontenac, Peterborough, Victoria, York; Districts of Manitoulin Island, Thunder Bay, Temiskaming.

Manitoba: Rural Municipalities of Tuxedo, St. Vital, St. James, Fort Garry, Rhineland, Stanley, Pembina.

Saskatchewan: Rural Municipalities of McKillop, Edenwold.

6. Nineteen.

7. Information not available.

8. 8,840,500 (in 1937).

9. 3,113.

10. Shorthorns, 1,741; Herefords, 385; Aberdeen Angus, 191; Red Poll, 87.

11. The bulk of the beef cattle exported to the United Kingdom from Canada recently has been feeders or stores. The type of feeder most in demand is a well bred animal of one or other of the beef breeds that is in fair flesh and weighing about 1,120 pounds. Early in the season, cattle lacking somewhat in condition are fairly acceptable as they will make good gains on grass, but as the season advances better fleshed animals are required suitable for late fall and winter feeding. Beef type is desired and good conformation essential.

12. Not officially. This is a matter of market preference. Some districts and some individual buyers may pay more for certain breeds, while in other districts and among other individuals a different breed may be preferred.

13. 9,610.

14. As a result of encouragement given to the use of good sires by the governments of the Irish Free State and Northern Ireland, there has been a decided improvement in the type and quality of cattle imported into Great Britain from that source during the past ten years.

15. 850,032.

NANAIMO, B.C., GOVERNMENT WHARVES AND WHARFINGERS

Mr. TAYLOR (Nanaimo):

1. How many government wharves are in existence at the present time in the federal electoral district of Nanaimo?

2. Where are these wharves situated?

3. Which of these wharves are in charge of a wharfinger?

4. What are the names of the wharfingers in each case, and what are the dates of their respective appointments?

5. What are the specific duties of each wharfinger, and how is he paid for his services?

Mr. HOWE:

1. 42.

2. Beaver Point, Brentwood (floating landing), Burgoyne Bay, Chemainus (floating landing), Cliffside (floating landing), Cowichan Bay, Cowichan Lake, Deep Bay (floating landing), Degnan's Bay (floating landing), Fernwood (floating landing), Fulford Harbour, Gabriola Island (centre), Ganges, Hope Bay, Kuper Island, Ladysmith, Lyall Harbour, Maples, Maple Bay (floating landing), Mayne Island, Musgraves, Nanaimo Assembly wharf, Nanaimo, Patricia Bay (floating landing), Port Renfrew, Port Washington, Retreat Cove, Roberts Bay (floating landing), Saanichton, Shawnigan Lake (floating landing), Sidney, Sooke, South Pender, Sturdies Bay, Thetis Island, Valdes Island (floating landing), Vesuvius Bay (floating landing), William Head quarantine station: Main wharf, Coaling wharf, Bentinck Island (floating landing): Under administration Department of Pensions and National Health; Cole Island—under administration Department of National Defence, Piers Island—under administration of Department of Justice.

3 and 4. Nanaimo assembly wharf, Frederick J. Lodge, wharfinger appointed March 24, 1938.

5. The specific duties are the supervision and control of the wharf and the collection of the tolls and dues to be paid in respect thereof. The only provision for the remuneration of a wharfinger under the statute is from the tolls and dues collected for the use of the wharf.

BELLS CROSSING, LEEDS COUNTY, ONT., POST OFFICE

Mr. STEWART:

1. Is the compensation of the postmaster at Bells Crossing, Leeds county, fixed and paid on the same basis as the compensation of the former postmaster at Rockspring?

2. Has there been any increase or decrease in the compensation formerly paid for the carriage of mails from the Canadian Pacific railway to the post office?

3. If so, what is the amount of such increase or decrease?

4. Has there been any increase or decrease in the compensation of rural mail carriers owing to the removal of the post office from Rockspring to Bells Crossing?

5. If so, what is the amount of such increase or decrease?

Mr. EULER:

1. Yes.

2. No. Cost of service to post offices in each case included in the cost of rural mail delivery service.

3. See answer to No. 2.

4. A decrease due to the invitation of public tenders and the completion of new contracts.

5. $249.88 per annum.

YOUTH EMPLOYMENT COMMITTEE

Mr. GREEN:

1. Has the youth employment committee, appointed under the provisions of National Employment Act 1936, been abolished, and have the members thereof been released from the government service?

2. If so, on what date or dates, were the different members thereof released?

3. What sums were paid to each of the different members of this committee for the period from February 1, 1937, to date or to the date or dates of release, as travelling expenses?

4. What sums were paid to each of such members for such period as living allowance?

5. Were there any other sums paid to any of the members of such committee for such period? If so, what were the respective amounts, and what was the nature of such payments?

6. If any such members have not been released, what sum is now being paid to her, him or them, whether by way of living allowance or otherwise?

Mr. ROGERS:

1. P.C. 2242 of September 2, 1936, appointing members of committee was rescinded by P.C. 245 of February 1, 1938.

2. Answered by No. 1

3. Travelling expenses from February 1, 1937, to date of release: Allan Chambers, $508.60; A. Montpetit, $71.35; J. McCulley, $263.82; W. C. Nickerson, nil; R. F. Thompson, $93.30.

4. Living allowance from February 1, 1937, to date of release: Allan Chambers, $3,480. (Mr. Chambers was chairman of this committee and served continuously until June, 1937); A. Montpetit, $322.50; J. McCulley, $607.50; W. C. Nickerson, nil; R. F. Thompson, $157.50.

5. No payments other than those shown above.

6. Mr. R. F. Thompson had resigned from the committee in May, 1937, having been appointed by P.C. 1331 of June 5, 1937, as supervisor of youth training in the department of Labour, at a salary of $312.50 per month. All other members of the committee were released as from February 1, 1938.

CANADA AND GULF TERMINAL RAILWAY MAIL SUBSIDY

Mr. LAPOINTE (Matapedia-Matane):

1. What amount is paid to the Canada and Gulf Terminal Railway Company for carrying mail between Mont-Joli and Matane?

2. Can the contract be cancelled at any time?

3. Is such contract renewed each year or every four years?

Mr. EULER:

1. The Canada and Gulf Terminal Railway is subsidized by the government under the Subsidy Act.

Under this act, when the mail earnings are less than 3 per cent of the government subsidy, payment for the carriage of mails is made to the receiver general. When the mail earnings are over 3 per cent of the government subsidy, the amount in excess of 3 per cent would be paid by the Post Office Department to the railway.

The mail earnings of this railway being less than 3 per cent of the government subsidy, payment for the carriage of mails is made by the Post Office Department to the receiver general in accordance with the provisions of the act.

2 and 3. Answered by No. 1.

*CANADIAN NATIONAL RAILWAYS—SALARIES OF OFFICIALS

Mr. LAPOINTE (Matapedia-Matane):

1. What are the names of the Canadian National Railways officials who receive a salary of $4,000 a year and over?

2. What is the salary and address of each of such officials?

Mr. HOWE: This is a question having to do with the internal management of the Canadian National Railways and is of a type that all governments have consistently declined to answer. I ask that it be dropped.

Question dropped.

MONTREAL AND TORONTO POST OFFICES—SUNDAY EMPLOYMENT

Mr. DESLAURIERS:

1. How many employees work on Sunday at the Montreal post office?
2. How many hours are they on duty, and what rate of pay do they receive for each working hour?
3. How many employees work on Sunday at the Toronto post office?
4. How many hours are they on duty, and what rate of pay do they receive for each working hour?

Mr. EULER:

1. The number of employees required to work varies in accordance with the mails to be handled. On a normal Sunday approximately 224 men are on duty.

2. (a) Approximately 1,432. Determined by the volume of mail to be handled the number of hours of work per employee also varies. Sunday work forms part of the regular week's work and employees who work in excess of the 44 hour week are given corresponding time off in compensation therefor at some later date.

(b) Employees in post offices are paid at annual rates of salary ranging from $1,020 to $1,740 a year.

3. The number of employees required to work varies in accordance with the mails to be handled. On a normal Sunday approximately 226 men are on duty.

4. (a) Approximately 1,449. Determined by the volume of mail to be handled the number of hours of work per employee also varies. Sunday work forms part of the regular week's work and employees who work in excess of the 44 hour week are given corresponding time off in compensation therefor at some later date.

(b) Employees in post offices are paid at annual rates of salary ranging from $1,020 to $1,740 a year.

MR. H. E. PELLETIER

Mr. DESLAURIERS:

1. Is Mr. H. E. Pelletier of 3587 Ontario street east, Montreal, an employee of the Montreal post office?
2. If so, has he any other employment
3. How many days was he absent from duty during September and December, 1937, and January, 1938?
4. To the knowledge of the department, has Mr. Pelletier purchased any of the leave owing to other employees?

[Mr. A. J. Lapointe.]

Mr. EULER:

1. Yes.

2. Acts somewhat in the capacity of manager of a store owned by his father, aged 76 years, for which he receives approximately $25 a week on the understanding that he supports his two sisters and provides for them in every respect.

3. September, 1937, 4 days; December, 1937, 12 days; January, 1938, 15 days.

4. No.

QUESTIONS PASSED AS ORDERS FOR RETURNS

WEIGHTS AND MEASURES INSPECTION SERVICE

Mr. LAWSON:

1. What number of prosecutions were conducted in each province by the weights and measures inspection service during the fiscal year ending March 31, 1938: (a) of independent retail grocery stores and meat markets for the infraction of section 63 and of section 64 of the Weights and Measures Act, giving number under each section separately; (b) of local chain grocery stores and meat markets for infraction of section 63 and of section 64, of the Weights and Measures Act, giving number under each section separately; (c) of national chain grocery stores and meat markets for infraction of section 63 and of section 64, of the Weights and Measures Act, giving number under each section separately?

2. What were the number of withdrawals and dismissals and the number of convictions secured in each of the above groups of cases?

3. What were the numbers in each province of prepackaged goods inspected and the results of such inspections as to overweight, short-weight or correct weight, during the fiscal year ending March 31, 1938, by the weights and measures inspection service in: (a) rental independent grocery stores and meat markets; (b) local chain grocery stores and meat markets; (c) national chain grocery stores and meat markets?

4. (a) What were the number of test purchases made by the weights and measures inspection service during the fiscal year ending March 31, 1938, in each province; (b) what were the number of items overweight, short-weight and correct weight in: (1) groceries, (2) meats, showing the results separately, for purchases made in independent retail grocery stores and meat markets, local chain grocery stores and meat markets, and national chain grocery stores and meat markets?

Mr. EULER: Return tabled.

SHIPWRECKS IN CANADIAN WATERS

Mr. CHURCH:

1. How many wrecks in Canadian waters, during the last three years, were investigated by the wreck commissioner or other officers of the Department of Marine?

2. What were the names of the ships in each case, and the number drowned or injured?

3. What were the findings of the wreck commissioner succinctly in each case?

4. What were the complete findings in the Sand Merchant case?
5. Was the said ship sea-worthy, and had it wireless equipment?
6. Were the owners of the ship "Sand Merchant" prosecuted under the criminal code?
7. How many men of the department are engaged in life-saving work under federal authority, and at what cost?
8. What aid has been furnished by American life stations to distressed ships of Canadian register in recent years on the great lakes?

Mr. HOWE: Return tabled.

MAIL CONTRACTS AND SUBSIDIES

Mr. FAIR:

1. What amount was paid to the Canadian National and the Canadian Pacific Railways respectively for the carrying of mails in Canada during the fiscal years 1930-31 to 1937-38 inclusive?
2. Has any subsidy been paid to shipping companies during the above years for carrying mails in addition to contract rates, and, if so, what were the companies and the amounts paid to each?

Mr. RINFRET: Return tabled.

GRAIN AND GRAIN TRADE

INQUIRY AS TO TABLING OF REPORT OF GRAIN COMMISSION AND REVISION OF CANADA GRAIN ACT

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): Before the Easter recess the Minister of Trade and Commerce (Mr. Euler), assured the house that we might expect the report of the Turgeon grain inquiry commission soon after the house reassembled. Can he now inform the house when we may expect that report? Also, I notice a report in the press that the government propose to have a general revision of the Canada Grain Act this session. Will the minister inform us whether we may expect to get that measure soon?

Hon. W. D. EULER (Minister of Trade and Commerce): I hope to be able to table the grain commission report this week, perhaps to-morrow.

As far as the revision of the grain act is concerned, I cannot speak positively, but it has been and is still the intention to introduce an amendment to the grain act this session.

Mr. CRERAR: But not a general revision.

UNEMPLOYMENT RELIEF

MEASURE FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

The house resumed from Tuesday, May 3, consideration in committee of Bill No. 105, to assist in the alleviation of unemployment and agricultural distress—Mr. Rogers—Mr. Sanderson in the chair.

On section 4—Agreements with provinces and others.

Mr. HEAPS: I want to make a special plea to the Minister of Labour (Mr. Rogers) in regard to the position of many of the municipalities in Canada. This has been repeatedly drawn to the attention of the government, but so far without result. We all realize that the government is carrying a great financial burden in connection with unemployment, but the burden is falling far too heavily upon many of our municipalities. Yesterday an hon. member from Montreal gave some figures in regard to the metropolis of the east. I wish to draw particular attention to the position of Winnipeg, mainly as a result of the great load it is bearing as a result of the unemployment situation.

The figures I quote were supplied to me recently by the city clerk of Winnipeg. In 1929, when we were not troubled with the unemployment problem as we are now, Winnipeg spent on unemployment relief $25,914. In the succeeding years Winnipeg has been obliged to bear an almost unbearable load. In 1937 the total cost of unemployment relief in Winnipeg was $3,711,331. Of that sum the city had to pay $1,530,015, approximately forty-one per cent of the total cost. I believe a similarly large figure could be quoted for any other large industrial centre in Canada. So bad has the financial situation become in Winnipeg as a result of unemployment relief that the city is on the verge of bankruptcy, even though it can show an excellent balance sheet as far as its general financial situation is concerned. But the load she has been compelled to bear through no fault of her own is almost breaking the back of the city.

I believe all hon. members recognize, as it is recognized outside of the house, that unemployment is not a result of the activities or policies of our municipal bodies; therefore it is most unfair that municipalities should be called upon to bear the greatest part of the burden of unemployment relief. As has been already pointed out by myself and other hon. members, the present policy of the government in dealing with unemployment is no different from that of seven or eight years ago, no different from the policy of 1930 and succeeding years. If the government have no other policy than that of dealing with the relief problem from the purely administrative standpoint, instead of trying to do something from the legislative standpoint, the municipalities should not be burdened with this unbearable load by reason of the shortcomings of the federal government.

The wording of the preamble of the present bill is somewhat different from that of bills of former years. The words used are:

> Whereas it is in the national interest that the dominion should continue for a further period to support and supplement the measures of the provinces and other bodies. . . .

The government, instead of assuming responsibility for the unemployment situation, say in this preamble that they will "supplement the measures" of the municipalities and provincial governments. I should expect any government under the circumstances of the present time not to supplement the efforts of the municipal and provincial governments but to initiate measures which the municipal and provincial governments might perhaps supplement. But the government is reversing that situation and going back to the old theory that unemployment relief is entirely the responsibility of the municipalities and provinces. If the municipalities or provinces were in any way responsible for the unemployment situation I would say that the responsibility for relief should rest upon them. But I think it is admitted by all that unemployment is the result of policies over which our municipalities have no control whatever, policies for the most part initiated and carried out by the federal government; and such being the case the federal government ought to assume a much larger share of responsibility, and cease driving many of our larger municipalities into bankruptcy. I appeal to the minister and the government to do something to alleviate the situation of our municipalities and relieve them of the burden of bearing over forty per cent of the cost of unemployment relief.

Mr. PERLEY: Mr. Chairman, you have allowed considerable latitude in the discussion which has taken place on this bill. Practically every line of industry in Canada has received some attention. Some of the discussion I think was not altogether relevant; therefore I trust that if I should transgress a little you will be lenient with me. I do not think I can be accused of unduly taking up the time of the committee, and certainly I have not tried to hold up any measure of importance.

I might remind you of the fact that when the seed bill, No. 78, was before the house, it was introduced and given first reading on March 25 and it passed before the end of the fiscal year. Of course the Minister of Finance (Mr. Dunning) asked us to permit it to pass quickly, assuring us that we would have opportunity later, on some item in the estimates, to get the details which we no doubt would have asked for then if he had not given us that assurance. Also the supplementary estimates passed, I think, at one sitting of the house, in which were included some $14,000,000 for relief to Saskatchewan. These also were permitted to pass with the understanding that at some future time or on some other estimate we would have an opportunity of discussing certain details.

On Monday last, in reply to the hon. member who has just taken his seat (Mr. Heaps), the minister stated that the administration of relief in the drought area of Saskatchewan rested with the Department of Agriculture. Subsection (a) of section 4 of this bill provides that the governor in council may enter into agreements—

> —with any of the provinces respecting the alleviation of unemployment conditions and of agricultural distress therein, and to assist those in need.

I therefore desire to bring to the attention of the government the very serious situation of the farmers of Saskatchewan, particularly with regard to the lack of power and machinery of all kinds with which to carry on their farming operations, both now and during the summer. There is no doubt that there will be a great deal more summer-fallowing this year than usual, owing to the policy adopted by the Department of Agriculture last fall, for which the minister is responsible, with respect to not supplying the feed and fodder necessary to winter the horses in that district. As a result of this policy the farmers will not be able to continue their spring and summer work as they ought to, which is a very serious matter. On Friday last, dealing with the report of the farm implements committee, the minister stated—

Mr. GARDINER: Might I ask the hon. gentleman whether he is speaking of the provincial or the federal minister of agriculture?

Mr. PERLEY: I said the Minister of Agriculture, speaking in this house on Friday last—

Mr. GARDINER: I am referring to the previous statement, that the Minister of Agriculture was responsible—

Mr. PERLEY: I meant the Minister of Agriculture in this house.

Mr. GARDINER: Then I should say that the Minister of Agriculture in this house had nothing whatever to do with that.

Mr. PERLEY: I have a statement, which I can produce, to the effect that the Minister of Agriculture approved of the rules and regulations drawn up by the government of Saskatchewan, so it was with his approval that those regulations were carried out.

Mr. GARDINER: Those regulations have nothing whatever to do with the sending of horses to the Carberry pasture.

Mr. PERLEY: The first regulations had to do with the quantity of feed and fodder that would be supplied to the farmers to carry them through the winter. Then there was a further regulation issued by that government dealing with the shipment of horses to pasture in Manitoba. I think the minister must agree that he had something to do with providing those pastures and permitting horses to be taken there. Certainly he is responsible for what happened there and the condition of those horses when they were returned to Saskatchewan.

As I was about to say, Mr. Chairman, on Friday last the Minister of Agriculture in this house made a speech dealing with the report of the farm implements committee, in which he expressed some concern for the farmers of the west and in fact for the farmers of all Canada in regard to the high prices they are called upon to pay for implements. He appeared to be indefinite in regard to how he proposed to remedy that condition or what he proposed to do about it. I would judge that perhaps he had some concern as to how his speech would be received in Saskatchewan and what use might be made of it in the provincial campaign that is now pending. At any rate, his remarks received considerable publicity in the west. I have before me the Regina Leader-Post of the day following, in which there is a heading in block letters, as follows:

Machine Firms Warned
Tariff Cut, Price Curb Threats Made
Gardiner Speaks Bluntly to Farm
Implement Companies

Hon. J. G. Gardiner received unanimous applause of the house Friday night with the exception of a handful of high protectionist Conservatives, and warned the farm implement industry what the government contemplates.

1. Price control of farm implements.
2. Removal of the tariff on farm implements.
3. Control of farm implement company organization.

As far as the tariff goes the farmers of the west know that there has been a considerable reduction already, from 25 per cent to 7½ per cent. They also know that since that has taken place there have been two substantial increases in the prices of farm implements. I think perhaps the minister was taking more or less of a bold chance, in the hope that the inquiry now taking place in the United States into the agricultural implement industry might result in some control of prices there, and that Canada might follow suit.

Now I wish to suggest some immediate ways of assisting the farmers with respect to power and machinery. Under this act I think arrangements might be made with the provincial government to assist the farmers to finance their cash payments on tractors and other machinery. This is important in view of the lack of power in that area at the present time, in order that the farmers may be kept on the land and the acreage not seeded this year kept cultivated, free of weeds and so on. There is no doubt that there will not be a normal seeding this year, with a consequent increase in the acreage to be summer-fallowed. If this could be arranged it would create employment in the implement industry. There would be a certain amount of freight carried into that province, which would also help the unemployment situation, and if the farmers could be assisted in carrying on their work, as they will have to be, many thousands of men would be employed as farm labourers this summer. This would be of very considerable assistance in relieving unemployment.

There is another matter which I think is important. I refer to the live stock industry. The policy adopted last fall by the provincial department of agriculture, with the approval of the federal minister of agriculture, resulted in the depletion of the herds in that province. As you know, under the regulations anyone who wanted assistance in regard to feed and fodder had to reduce his herd to not more than four cows. Certainly that will mean a restriction of production. The other evening the hon. member for Melfort (Mr. McLean) made a speech in which he charged the late government with being responsible for a policy of restriction of trade. Then he launched an attack on the stabilization operations of the late government under Mr. McFarland. I might tell the hon. member that if it had not been for those operations, and a certain amount of grain which accumulated under that system, the province of Saskatchewan would have been in a sorry plight this spring, because there would not have been any seed. On July 31 last they had seven million bushels left, which was held for seed purposes; and it was that wheat that had been accumulated by the previous government that made it possible to supply seed wheat. A little later I may have something more to say with respect to what has happened in that connection. However, that has been the policy of the present government with respect to the distribution of feed, fodder and seed. Then, the policy carried out last fall with respect to the

cattle industry, when the farmers were forced to reduce their herds, has meant a compelled restriction of production.

While I was home representations were made to me on behalf of twelve or fifteen farmers in the Alexander district of Saskatchewan. They stated they had formed themselves into a group and had made application to the provincial government to secure a bull, under the bull loaning policy. They were advised to take the matter up with the federal authorities. Upon doing so they were informed that the federal government could not consider their application. I was asked to bring the matter to the attention of the government when I came to Ottawa, and upon doing so I received the following reply:

> I regret very much to have to advise that it is not possible to encourage the farmers in the Alexander district to organize an association to apply for the loan of a pure bred bull from this department this year. We have already received from Saskatchewan applications greatly in excess of the number of suitable bulls which it will be possible to purchase, and have been under the necessity of refusing consideration to nearly two hundred inquiries received from Saskatchewan alone.

Certainly the department was not exercising a policy of foresight when it permitted those animals to be shipped out as they were last year. I would impress upon the minister the necessity of paying attention to this serious situation, and to make a statement with respect to it. Surely there are sufficient animals in Canada to supply the need. This is a matter which should be attended to immediately.

I believe under the section it is permissible to discuss the present situation in the province with respect to seed, feed and fodder. In his statement to the house on April 26, and again on April 28, the minister said, in effect, that he expected seed would be released for seeding in the middle of that week. That is not an answer to the question as to what has really been the delay in the release of the seed. For the last two months this matter has been a live one in the province. The farmers were looking for seed in March, because in some parts of the province they were ready to seed by April 5.

I have a clipping from a weekly paper dated April 28 which states:

> Local farmers are still waiting for their full allotment of seed grain. There was apparently a sufficient supply of wheat, purchased by the wheat board and held in local elevators for the past six months, but for some reason much of this was shipped out during the past couple of weeks, and now, wheat will have to be shipped in to meet the local requirements.

It goes on to say that on April 28 a number of farmers were still looking for their seed. In March the provincial minister of agriculture made a statement in Saskatchewan, as did the premier of the province, to the effect that wheat was then moving to points where it would be required. It was stated that out of 1,100 points 900 had received wheat.

Then we have the statement on April 23 in which the provincial minister of agriculture stated that the farmers could not understand why at Radville wheat was sitting on the track in cars for four days and could not be released. The statement goes on to say that every time a train went by the station the farmers would go to town to see if any wheat was ready for release. The situation became desperate, and the delay was serious. It means a very serious reduction in what the farmer will realize next fall from his crop. Wheat which should have been seeded three or four weeks ago will, if seeded now, run a great danger of being frosted. It will be more subject to rust, too, and as a result there may be a further extensive loss taken by farmers in the fall.

At this time I am not going to discuss the question of the quantity of seed being released. It is my intention to-day more particularly to find out why there has been delay in the release. I do not believe the excuse given by the provincial minister of agriculture, that it was due to the wheat board, is sufficient. We know the wheat board have efficient experts and accountants who could handle several millions of bushels of wheat easily, and in a very short time. We know, too, that wheat was accumulated last October. For instance, an order in council was passed by this government on December 15 last authorizing the board to convert their futures into cash wheat. We have proof—I have it right here—of cash brokers' notes, dated even in October, where the option was exchanged for wheat, and giving the points in the province in which the board took delivery in exchange for options.

Then, the municipalities were asked last December to make a survey of their requirements. We have reports from municipalities where surveys were made and sent in to the government. Applications were made and the amounts required in the municipalities indicated. On April 23 I had a statement from the reeve of one municipality in which he stated that the wheat had not been released.

Mr. GARDINER: What date is that?

Mr. PERLEY: April 23.

Mr. GARDINER: It is likely all in the ground now.

Mr. PERLEY: It is not all in the ground yet. We can produce a statement right here that wheat has not yet been released in certain parts.

Mr. McLEAN (Melfort): There has been too much rain and cold weather to put it into the ground.

Mr. STIRLING: The minister says it is in.

Mr. PERLEY: The government has tried to place responsibility upon the municipalities and upon the wheat board. Certainly that responsibility cannot be placed on the municipality, so far as the distribution of feed and fodder is concerned. We understand that the winter allotment expired on March 5, and the spring requirement was supposed to be distributed. I have a statement from a reeve of a municipality showing that on April 22 they were short by thirty per cent the amount of their seed allotment.

I say we cannot accept the statement from the Minister of Agriculture, when he charges that the responsibility is that of the wheat board or of the municipality. I have before me a statement by Mr. Taggart, the minister of agriculture in the province. This interview dated April 23 is very interesting because he makes the following statement:

> The farmer finds it hard to understand why there should be grain in the elevator right next door, and yet he cannot have it released.

The article goes on to say:

> He did not have knowledge—

Said the minister of agriculture, Mr. Taggart:

> —that down in the northeast corner of the province more than 35,000 bushels of grain were ordered moved out by the wheat board to another point, when that grain was definitely needed in the area where it was to supply requirements. He explains this by stating that it may have been a clerical oversight due to limited knowledge of geography of that area.

What a lame excuse for a responsible minister of any government to make, when asked to give an explanation that there had been an oversight on the part of some official who did not know his geography. We want to know the reason for the delay. It may be that the wheat has not yet been paid for and the grain companies who sold it to the board were not prepared to release wheat this year until the provincial government had paid for it.

Mr. GARDINER: It may save time if I say to the hon. member that there is no possibility of my answering that question in connection with this bill. Special legislation to provide for seed and feed and fodder went through this house and these matters were all discussed during the debate on that bill. I do not think it would be proper for me to enter into another discussion on this bill.

Mr. PERLEY: The minister should have knowledge of this because a similar bill was passed last year guaranteeing to the provincial governments what was required in order to supply seed. Surely he has some knowledge of that.

Mr. GARDINER: I am not saying I have no knowledge of it. I am saying that the rules of the house prevent my discussing it.

Mr. PERLEY: When I visited the grain exchange last October I had a conversation with three or four of the members. Another member came up to our group and I was introduced as having come from Ottawa. Evidently this gentleman thought that I was a supporter of the government, because he said to me, "When are you fellows going to pay us for the seed we gave you last spring?". I said, "Oh, have they not paid you for that seed?" He said, "No, they have not, and we are getting pretty well fed up with it." I said, "You ought to see about it; the money was voted and you should have been paid." He said, "The government owes our company $17,000 for seed supplied last spring, and I am only one of many here." If that is the situation prevailing this year, it might be possible that that is the reason for some of the delay.

Mr. McLEAN (Melfort): What was the amount that was claimed to be owing?

Mr. PERLEY: He said $17,000 for that one firm alone. I have before me an article which appeared in a paper which has just come to me from the west, in which the secretary of the municipality of Perdue takes exception to the fact that the premier of Saskatchewan and the provincial minister of agriculture have charged the municipalities with responsibility for the delay. He states that that particular municipality made the requisition in good time. They had made a survey last fall, which was followed up in February and March, and requisitions went in in plenty of time. Even at that late date, April 28, he said that the seed had not been distributed.

I shall not delay any further the passing of this measure. However, I think it is due to the committee that we should have a definite statement from the minister. I trust that he will give consideration to the two or three proposals that I have made, because there is a serious situation existing. I think he should make some statement and see that

the farmers have sufficient power and machinery with which to carry on their farming operations during the next season.

The leader of the opposition (Mr. Bennett) referred last night to the fact that the roads in Saskatchewan are in a very poor state of repair. There should be a lot of road work done. It may seem funny to the government that I am advocating this with an election pending, but the work is necessary. I would suggest that No. 1 highway from McLean east to the Manitoba boundary should be hard surfaced this year. This work is needed very badly. If the cross roads leading into that highway from the United States boundary were properly gravelled it would encourage tourist traffic from the states. I make these suggestions to the minister and I trust he will give them favourable consideration.

Mr. McLEAN (Melfort): Mr. Chairman, I missed the early portion of the remarks of the hon. member for Qu'Appelle (Mr. Perley). I think it is only fair to tell the committee of some of the conditions that exist in Saskatchewan at the present time. The hon. member was lamenting the possibility, on account of the delay in distribution of seed, of frost and rust damaging the crops in the fall. Only last Wednesday I passed through the constituency represented by the hon. member, and not only was seeding not possible at that time, but no preparatory work on the land was being done because of the wet condition of the soil. Frost and rust are always to be feared, but these things could not occur because of delayed distribution of seed. There has been considerable snow and cold weather during the last couple of weeks and it has not been possible to do much seeding.

A few days ago a press dispatch stated that not more than five per cent of the wheat land in Saskatchewan had been seeded. That was not due to the fact that no seed had been distributed; it was due to the existence of conditions that prevented farmers doing their seeding. The hon. member said that the minister of agriculture of Saskatchewan had said that he was not aware that 35,000 bushels of wheat had been shipped out of northeastern Saskatchewan at a time when it was needed there. I do not think there would be 5,000 bushels of wheat needed by government distribution in northeastern Saskatchewan. The farmers in that part of the country had a fair crop of wheat last year and the most of them have made their arrangements. There was a small area where the farmers had to get wheat locally. During the time I was at home farmers were coming into the municipal office and getting orders for seed. Those orders had to be sanctioned by the rural council. The reeve and the secretary of the municipality were appointed a committee by the council and they were carrying on negotiations with the farmers up to the time limit which had been established for giving out these orders. I met many farmers going into and coming out of the municipal office and not one of them had any complaint to make about any delay. Some might say that the municipality was a little hard on them; that they were not getting enough seed, but most of them were satisfied that they were getting reasonable treatment.

The hon. member said that he heard a complaint on the grain exchange that an amount of $17,000 was still unpaid out of the total assistance voted by this parliament last year. That is small potatoes when we consider the amount voted for the assistance of farmers in Saskatchewan.

Mr. PERLEY: That was just one of many.

Mr. McLEAN (Melfort): There were not very many firms on the grain exchange who sold seed to the government. A tremendous amount of assistance was given and apparently this is the worst case of which the hon. member heard. I do not imagine he would give us the least troublesome case that came before him. He probably knows of the large amounts that were owing to elevator and oil companies when his friends went out of power four years ago. I did not hear his voice raised at that time in complaint about their negligence or lack of business acumen or business efficiency. They left about $17,000,000 of unfunded debts floating around, which has made it more difficult for the people of Canada and of Saskatchewan to assist the farmers in that province.

What the hon. member says about the roads being in desperate condition during the past few days is quite true. However, this condition has been brought about by the large amount of rain and snow that we have had this year. I have no doubt that not a single farmer will disagree with me when I say that the finest thing that could have happened to the country was that this moisture should be present at this time. I am sure the farmers were quite willing to put up with a little discomfort. It would be far worse if the roads to-day were in the condition in which we would expect to find them in July, if there were not sufficient moisture in the ground to germinate the seed that might be planted.

Mr. COLDWELL: The hon. member for Melfort (Mr. McLean) said that in fairness

to the committee certain corrections should be made, but I am going to say that I think the criticisms made by the hon. member for Qu'Appelle (Mr. Perley) with regard to the delay in the distribution of seed are justified in part.

Mr. McLEAN (Melfort): In part.

Mr. COLDWELL: In part. I was not going to mention this as the minister was good enough to say yesterday that he would rectify the situation. However, I have received a message from Surbiton in my constituency stating that on April 30 there was no seed and that none was in sight. There were over twenty farmers in that community who were dependent upon this seed grain. So there has been delay. I am not laying the blame at the doorstep of the Minister of Agriculture in this house because I believe it is largely a matter of provincial responsibility. But the criticism is justified to that extent. Moreover, it does jeopardize the early sowing of the crop and jeopardize the reaping of the crop in the fall because of the danger of frost and rust.

Mr. McLEAN (Melfort): How could it jeopardize early sowing when weather conditions had made the land unfit to seed?

Mr. COLDWELL: I think the hon. member will understand that all parts of the province are not in the happy position of having had the large amount of moisture that the districts to which he refers have had.

Mr. McLEAN (Melfort): Rosetown-Biggar has probably had more moisture so far this year than northeastern Saskatchewan.

Mr. COLDWELL: I think the hon. member is perhaps to some extent misinformed, because in Rosetown-Biggar we happen to be just a little bit short of moisture this year.

Mr. GARDINER: Around Surbiton.

Mr. COLDWELL: Yes. As a matter of fact, they could have seeded around Surbiton. But perhaps neither my statement nor that of the hon. member for Melfort is true for the whole province of Saskatchewan. It is with the desire of speeding up the distribution that these matters are being raised in this chamber, because, after all, we guarantee the funds that are being used for this particular purpose. I rose to make these remarks in order that we might have before the committee at this time all the information available.

Mr. PERLEY: I should like to answer the hon. member for Melfort. If the seed had been there we would have had it all in the ground in the eastern part of the province before the fine rain and snowstorms which the hon. member has been telling us about came along. Last Sunday we had an excellent rain, and, the Sunday before, snow and rain. The reeve of Indian Head municipality had all his wheat in the ground on one farm of 500 acres on April 22, and a lot of wheat was seeded on my farm on April 23. In the Indian Head and Wolseley districts, had the farmers had the seed, they could have had it in the ground between the 10th and 20th of April. I never saw the land in better condition to receive seed than on the day I arrived home and drove over my farm. I drove down to Whitewood, in which district they were all working on the land, and many of them had seeded on the 12th of April.

Mr. GARDINER: Is the hon. member's farm seeded?

Mr. PERLEY: Yes, sir. I told them to get the seed in. That is the only policy—get it in the first day you can in order to derive the benefit of the splendid rains we have had.

Mr. GARDINER: It is not the only policy.

Mr. PERLEY: I say that seventy per cent of the land that will be seeded to wheat could have been seeded before the 25th of April had the seed been available, and I stake my experience in that regard certainly against that of the hon. member for Melfort.

Mr. McLEAN (Melfort): On the 10th or 11th of April, in passing through the territory represented by the hon. member for Qu'Appelle, I saw not a sign of any work having been done on the land anywhere in the Qu'Appelle or Wolseley district. I bow to my hon. friend's superior knowledge of some phases of farming but not in my desire to present a true picture to the committee. I would say that it is not yet too late to sow seed. In the next thirty days plenty of seed will be sown in Saskatchewan if other conditions are satisfactory and likely to produce good crops.

Mr. PERLEY: Why were the farmers not on the land?

Mr. GARDINER: Because it was not fit to go on.

Mr. PERLEY: Because they had not any feed to feed their horses. Fifty per cent of the farmers in the district I speak of had not enough feed to give their horses two good feeds of hay; the horses were not in a condition to go on the land until they did get feed and fodder, and in that district it was not released until about the 15th of April.

Mr. McLEAN (Melfort): Not even on the gravelled highways were many cars running on that day, and it was a very fine day.

An hon. MEMBER: Hire a hall.

Mr. McLEAN (Melfort): The people who sent me here have paid their share of this hall for me to speak in, but I really think my hon. friend's remarks were addressed to his colleague behind him (Mr. Perley).

Mr. PERLEY: I have not taken up as much time as you have.

Mr. McLEAN (Melfort): The hon. member has taken up three times as much of the time of the house as I have, and he has used up a good deal of paper in putting partisan complaints on the record, which I think everyone will admit is something of which I have not been guilty. But when, even in fine weather, cars cannot run on the highways because of too much moisture, it is certain that implements cannot work satisfactorily on the land.

Mr. DOUGLAS (Weyburn): The hon. member for Melfort is going from the particular to the general. He cannot say that seeding has been delayed in Saskatchewan generally because of weather conditions. From the 11th to the 23rd of April I travelled by car through the southern part of the province from Moosomin to Swift Current, and the horses were not in fit condition. That is why they were not on the land.

Mr. McLEAN (Melfort): What about tractors?

Mr. DOUGLAS (Weyburn): But even if we assume that snow and rain had kept the farmers off the land, the seed should be available so that the moment they can get on the land they can put the seed in. I went through most of the constituency of the minister, through Wood Mountain and Swift Current districts, and not more than half a dozen towns had the seed in the town ready for distribution. In the other towns the seed was not there.

An hon. MEMBER: Did you have seed in Swift Current?

Mr. DOUGLAS (Weyburn): Yes, but it had not been released.

Mr. McLEAN (Melfort): Perhaps the horses had not been able to go for the seed because they were so thin.

Mr. DOUGLAS (Weyburn): The hon. member for Melfort says that orders for seed had been given. They had been given for a month in my constituency, but there is not any seed. You must have seed; you cannot sow the orders.

Mr. McLEAN (Melfort): In the district of which I spoke there was plenty of seed for which orders had been given out.

The CHAIRMAN: I think this discussion is taking in too wide an area. It is concerned with local conditions in regard to seeding, and while considerable latitude has been allowed, as I think it should be, I would ask hon. members to confine their remarks to the bill and not to continue to discuss local conditions in regard to seeding.

Mr. DOUGLAS (Weyburn): I am quite agreeable, Mr. Chairman, but I think the minister might make a statement.

Mr. HARRIS: Now that we have the bread-basket of the world, our west, all seeded down and the grass has become green and the horses are out to pasture, another recommendation might be that we send out to pasture all those who are taking up so much time in this house on the problem out west, which I understand has already been more or less solved, so that some of us who have a real problem which is not merely local may have an opportunity to say a word or two.

I am a little concerned whether section 4 is wide enough to include the problem which I should like to discuss in two or three short sentences, namely, the problem facing all municipalities due to the dearth of employment in the construction industries. If there is to be an expenditure of money under this bill, I hope the minister will see to it that the construction industry is stimulated in order that all the other industries which are part and parcel of it may also be stimulated as a result of the passage of this measure and the voting of the necessary moneys later.

I have in mind one or two distinct problems which I should like to place on record, and in doing so I wish to make this reservation. In the consideration of these particular problems —and they concern Toronto more especially— the government should be very careful to see that whatever is done does not too greatly involve the taxpayers of Toronto who are at present overtaxed, particularly those who are unfortunate enough to own real estate. Let me state the points I wish to bring up.

First, we have a real problem with regard to our sewage. There are many millions of gallons of raw sewage going into lake Ontario within two miles of the water supply of Toronto, the sewage going out at Morley avenue and the city water supply coming in at Victoria Park avenue, a distance of less

than two miles. Hon. members who have had the privilege of being in municipal life know something of the sewage problem, and they must be well aware of the gravity of the situation when a statement is made in this chamber that a very considerable portion of the sewage from 750,000 people is finding its way into a body of water from which is drawn the water supply of a city. The municipality of Toronto realizes the difficulty and the danger, and so does the provincial government; the danger from this particular condition is recognized on all sides. The municipal government have charged their department of health with the responsibility of seeing to it that the water supply is chlorinated. Some days, depending upon the wind, it is chlorinated to such an extent that the water itself is not palatable; indeed, it is scarcely potable. They are ready to go on with a work which will bring relief to the situation, but they have not the money. It is work of a kind which, I think the minister will agree with me, would absorb a great deal of unskilled labour. The cost of the original plan was $25,000,000, but that was revised and brought down to $20,000,000. A study of the plan has been going on for five years. They can give relief for the next ten or twenty years without undertaking the $25,000,000 plan, which is a fifty year undertaking. They can give relief for the next ten years by an expenditure of some $13,000,000. I expect that in due course the representatives of Toronto, who discussed the matter with the provincial representatives on Saturday last, will be making representations through the province to the dominion, in the hope that they can come within the confines of Bill No. 105 in this particular regard. I merely put these few observations on record for the minister's consideration, and I hope he will see his way clear, when he makes his reply, to say a word or two in regard to a problem of this kind. There would be considerable construction work.

I come now to the second point I had in mind, namely, the possibilities of absorbing labour in the construction industry. The city hall in Toronto was built some forty years ago. I am not one that wants to see too much government, too many city hall employees, too many provincial government employees. As some of the older members will recall, some fifteen years ago I rose in my place in the back benches and suggested to the Prime Minister that even this chamber should be reduced to one hundred members and that each one of us at that time should represent 100,000 constituents, each one of us going to work and doing a job instead of half loafing as now. I am still of that opinion, and it applies not only here but right down the line, as far as the municipality of Toronto is concerned. However, I approach this problem of a new city hall for Toronto from another angle. The building is more than thirty years old and it is not safe. I say to the mayor, the board of control, and the people of Toronto that in my opinion the present city hall, from the standpoint of fire hazard, is not a safe place in which to house employees. I know this is a local problem; I inject it into the discussion with your permission, Mr. Chairman, in order to approach the general problem, and I suggest that the city of Toronto, in taking some action to give its employees a safe building in which to do their work might be assisted under the provisions of this bill. In the building there are wide corridors; it is not fireproof, and there are great open stairways. Any hon. members who have been in the building will agree with me when I say that if a fire ever started there we would have to have a new city hall. The employees are housed in the attic. There is a sprinkler system there, but no sprinkler system down below, and I do not know how the employees would get forty or fifty feet to the ground level if anything happened. I cite this as affording an opportunity of spending to advantage $5,000,000. It would assist the construction industry.

The third point I wish to mention is this. We have in the city of Toronto a home for incurables. I do not think there is anything that touches our civilization so much as for people to know that for friends of theirs who are only incurables, but also indigent, no place can be found. At present there are 380 on the waiting list for admission to the home for incurables. The institution must be extended. As I stand here I am thinking of certain indigents in my riding. I know of one couple, both of whom are seventy-four. They live in East Toronto. I have known them for forty years. The lady is mentally unbalanced but not dangerous. The husband is paralyzed on one side from the hip down, but is able to drag himself around. The daughter is a good, Christian girl who some ten or fifteen years ago was struck by infantile paralysis but who drags around through that home and manages to look after the parents. I visited them last Sunday; I was in the little, wee parlour about eight by eight, and the wife was in the dining room holding the door against me, owing to her mental condition. We citizens there have to provide for that and other families because we cannot get them into the Home for Incurables. If a request should come to the minister by way of the province for aid in building an extension to that institution, there is another opportunity

of spending some money, not in the backwoods but right in a centre, where it is necessary, at the same time giving considerable work to the great construction industry which we all admit is in need, perhaps to a greater degree than any other.

Let us consider our hospitals. Some say the hospitals have empty beds. I had a canvass made in Toronto a week ago Saturday; there were not enough empty beds available in Toronto at that time. One hospital in the eastern part of the city had a waiting list of eighty-three. On Sunday five people were injured on Dawes road and taken to that hospital; there were only two emergency beds available, and the other three people had to be transported across the city some fifteen miles, two others being put in the Women's College Hospital and another having to be taken to St. Joseph's on the western edge of the city. On the same night two others were injured in accidents, one with a fractured hip and the other with a fractured skull, and no bed accommodation was available. The emergency department, in a room some sixteen feet square, is trying to handle emergency cases which come from a surrounding population of about 150,000 people. The men charged with the responsibility of the institution to which I refer are ready and willing to go out and raise from their friends and the people of the district at least one-third of the cost of an extension. A project of that kind, giving service to the community, might quite properly be the subject of a request to the minister. This would be a work in the general interest of Canada, as the bill 105 reads here. Inasmuch as the labour cost in the construction of the half million dollar building planned would be a large proportion of that sum, money might well be voted under this bill, provided the project had the approval of the municipality and the province. In order that it may be on record, the project I refer to is the Toronto East General hospital, presently housing 160 patients; although it was built to accommodate 110, it has many more in it than it should have. Whether or not we are able to get any assistance by way of this measure, a body of men and women of the district east of the Don river are going to raise that money and put the enlargement through. Twelve years ago, starting without a dollar, they gathered together $800,000 in assets and have kept the institution out of debt. In 1932, they found themselves operating that institution with some seventy undergraduate nurses housed here, there and yonder in the district, and out of control. Recognizing their responsibility, notwithstanding the difficult times, they built a nurses' home at a cost of $110,000 and properly housed these young students. In like manner, realizing the problem facing them now, the same body of something over 100,000 people are going to see that this half million dollar extension is put through. I put this on record so that the minister can give consideration to such a work.

I come now to the next problem which faces us. I preface my remarks by expressing appreciation to this chamber for the assistance given with regard to the elimination of the Victoria Park avenue level crossing. You will soon have before you the Jones avenue level crossing, in the riding represented by the hon. member for Greenwood (Mr. Massey). It was my privilege to represent that riding in this house in 1922; I know it very well, and I expect the minister will be receiving representations with regard to the necessity of eliminating that very dangerous level crossing on the main line of the Canadian National Railways right down in a thickly populated section of Toronto.

Section agreed to.

Sections 5 and 6 agreed to.

On section 7—Orders and regulations.

Mr. HAYHURST: As I have listened to the discussion on this bill it has brought one fact to my mind, that the people of Canada are sometimes unable to get the information necessary to carry out the projects which they desire to carry out. Suppose we take the Department of Agriculture; we know that they issue many publications of vital importance to agriculture, but many farmers are unable to get these publications, or do not know what publications are available. Therefore it seems to me that some system of indexing or documentation should be carried out. This could be done by the Department of Labour. It would apply to the indexing of all knowledge and books, so that people all over Canada could get the books they desire. It is said that we live on an ascending scale if we live happily. We know that some countries, like Great Britain, are using an indexing system for books. This should mean the employment of a few people who would index not only the knowledge of certain departments of this government, but all knowledge, whether it be scientific or otherwise. This work should be properly done in collaboration with the indexing system of books of other countries such as the United States and Great Britain, so that people could get the books they require.

The other day one member of this house said it was the blundering of man that caused

this unemployment situation. I would suggest that it was not the blundering but rather the progress of man. If we are to face new problems as they arise we need new solutions, and in facing these new problems we should bring the discoveries and inventions of recent years to the knowledge of the people. We all know there is something wrong in the situation that exists to-day. Most of us think that probably the trouble is in the distribution of wealth, but in this case it is in the distribution of knowledge. If a person can afford a radio or a car surely he can afford an adequate summary of human thought and knowledge. We should make good knowledge cheap and easy to obtain, and we should know where to find it. What is the use of being educated to read if we do not know what to read? So I am pleading with the Minister of Labour that some index or documentation be brought about so that a bibliography of the works dealing with the knowledge of the world of to-day may be properly compiled and made available to everyone, just as railway time tables are available to the public. In that way knowledge may be spread over the earth more readily than is the case to-day. It really means nothing more or less than indexing all that has been written in the world, with Canada contributing its part, so that one could quickly and easily learn what has been done and by whom.

This, of course, applies to all branches of learning. If we are to proceed and make progress; if, as Stevenson says, we live in an ascending scale if we live happily, then with modern civilization advancing as it is it seems to me that records of this sort should be prepared. Many of our intellectual people in Canada to-day are looking for jobs. You would almost think the poor labourer on the street was the only one who could not get the wherewithal to live, but many of our most intelligent people are wondering where they can get food, clothing and shelter. Yet we need documentation and a proper bibliography of our knowledge. So, Mr. Chairman, I offer this suggestion to the Minister of Labour who, as a professor of economics in ordinary life, should know something about this matter. Out on the prairies books are available on various subjects, but we do not know what books adequately deal with these subjects. Suppose you are a horticulturist. Do you know what books are published in the world to-day on that subject? Probably you do not. If you had access to those books you might become an excellent horticulturist. The knowledge may be available, but no one knows where it is. If you want to travel to Toronto you can pick up a time table and immediately obtain all the information as to the trains, and it seems to me that information with regard to the knowledge, investigation, invention and progress that is going on in the world to-day should be made as readily available to the citizens of this and other countries so that they might know where they can lay their hands upon books which would help them cope with their own problems.

At the present time I have on the order paper, as you know, a resolution dealing with books and the spreading of knowledge, but this idea has come to me from various sources. Men who have been broadcasting in England and Canada have suggested that though the English speaking world numbers some three hundred million people, only about a million ever read books of any kind. There are millions more who are interested in various subjects and who would read books if they knew what books to get. I believe if we are to expand our civilization or if we are to live in an expanding civilization these books should be made available. Then books would be printed more cheaply because of the demand for them, and employment would develop. Civilization has not grown, and unemployment problems have not been solved, without new ideas. When the motor car industry was in process of development in the United States, for instance, there was a tremendous influx of people into the cities, creating new problems which had to be solved. I believe that in the English speaking world, of which Canada is part, there is altogether too much reading of trash, of rubbish. If knowledge were made more easily available, through a proper documentation of the worth while books, more people would read these books; they would become better citizens, and democracy would survive.

That is my reason for offering this suggestion to the Minister of Labour. I do not know whether it is of very great value, but I feel that something has to be done in order to preserve democracy and save mankind.

Mr. COLDWELL: This section has to do with regulations approved by the government in regard to the alleviation of unemployment relief. I have before me a telegram concerning a matter about which I have no personal knowledge, but I would ask the minister to look into it because it deals directly with regulations. The telegram states that in order to break a strike the city of Calgary is imposing a penalty of $3 per week per family, which means the withholding of dominion and provincial grants. This telegram is signed by E. C. Hopper of the central

council of the unemployed. Since we are dealing with legislation for the alleviation of unemployment, if steps of this kind are taken to discipline, shall I say, the unemployed, thereby penalizing their families, I think it is a suitable matter for the department to look into. Therefore I am taking this opportunity of bringing it to the attention of the minister, in the belief that he will investigate and see whether or not this charge is justified. I may say that I do not know anything of the circumstances.

Mr. GREEN: The reports of the Department of Labour and of the dominion commissioner of unemployment relief show that the federal government has been helping in the construction of the trans-Canada highway in every province of Canada. I wonder if the minister could give us an idea as to what progress has been made; how many miles remain to be completed and when the highway will be finished.

Mr. ROGERS: I wonder if my hon. friend will be willing to wait for that information until the supplementary estimates are before the house. I do not have it before me at the present time and I am quite certain that it would have to be secured from the provincial governments in order to bring it up to date. As I recall it this information was brought up to date about a year ago; as my hon. friend realizes we have contributed to the provinces for the construction of certain sections of the trans-Canada highway, but we do not have that highway constantly under view and are not always aware of just what stage of completion it has reached at a given time.

Mr. GREEN: The minister will obtain that information for us?

Mr. ROGERS: I shall make a point of having that information available if possible when the supplementary estimates are before the house.

Mr. GREEN: Then has the minister any information as to the trends of transiency in Canada, both for families and for single men? I understood information of that type was being secured by the national employment commission and also by the Department of Labour.

Mr. ROGERS: I shall be glad to make a note of that question also. I have not the information available at the moment.

Mr. CHURCH: I want to ask the minister a question with respect to section 7. Last year in returns to orders of the house I noticed a list of works undertaken in the various provinces, authority for which was given by the governor in council. Sir Robert Borden used to describe the governor in council as a political body. In my opinion there is altogether too much regulation by that body. In every bill brought down we find authority given to the governor in council. I suggest that the minister should himself take the responsibility for making these rules and regulations. That used to be done.

An applicant asks for relief. He may have to go to a provincial authority, and then he is referred to municipal authority or the federal authority, and goes round in a circle. For example, an application for relief was made by a widow in Sudbury. For the last three weeks, the press say, she has been unable to get relief and cannot get a loaf of bread. Outside the city of Toronto there are similar cases of the difficulty of municipalities getting proper aid. In my opinion the governor in council is a political body, and the minister should himself handle these proposals. Why should this parliament hand over its power to some political body known as the governor in council? The most important part of the work of parliament is done in that way. This is what Lord Hewart refers to in his book, The New Despotism. We are simply taking control from the hands of the committee of supply and giving all control to an outside body; we have no check over these expenditures.

To-day I received four or five letters from Long Branch with respect to relief, along the same lines as the complaints my leader referred to. More workmen could not be taken on because of some local rules with respect to membership in some political organization before relief work demolishing a camp there can be got. I do not say the minister has anything to do with that; in fact I think he has not. But there is a great deal of dissatisfaction with the cumbersome procedure to be followed under the measure, right down to section 7.

As I pointed out the other day there are no orders in council in the United States. One man, Mr. Hopkins, draws up his standard plan, and through that plan he has distributed to the 15,000,000 on relief and spent 8 billion dollars. There is no doubt the present measure will pass. If as I suggested the other day the minister had power to make agreements with the larger municipalities where there are emergencies the condition would be far better. It would rid him of all this political work, if there is any.

Section 7 states:

> The governor in council may make all such orders and regulations as may be deemed necessary or desirable to carry out the purposes and intentions of this act.

The last list of returns brought down in the house showed many public works which were not at all necessary. Some of them—roads—were up near Hudson bay, where there is very little need of them.

I should like to learn from the minister if the section is broad enough to give him power to deal with an emergent case in a municipality, or will he continue the old policy of referring those cases to the provinces?

Mr. ROGERS: I believe the question put by the hon. member for Broadview (Mr. Church) is summed up in his closing observations. As a matter of fact the dominion government from the beginning has never dealt with individual applications of municipalities for relief. Obviously those applications must be dealt with by provincial governments. In saying that I am in no way suggesting that the dominion government should evade its proper responsibility. In connection with the administration of relief, municipalities deal directly with the provincial governments. The federal authority gives grants in aid to the provinces to assist them and the municipalities in connection with the administration of relief.

Recommendations with respect to the regulations which may be issued under section 7 would be made on the authority of the minister. But in order to give them the requisite authority under the proposed legislation, they would be dealt with by the governor in council. Although some exception may be taken to the governor in council functioning in that regard, I believe that procedure is clearly preferable to leaving the matter of regulations entirely in the hands of a minister who, at some time, might be tempted to act in an arbitrary way.

Mr. DONNELLY: As I understand the situation, the care of those needing relief is entirely a municipal matter, and has been looked upon as such by the present government and the preceding one. When relief burdens become so great that the municipality cannot look after them, those burdens are referred to the province. When the province is unable to look after them, then I understand application is made to the federal government which, in turn, gives relief or grants in aid, as has been done in the past number of years.

Last year many municipalities, unable to look after those who needed relief, applied to provincial governments, and practically all the provincial governments applied to the federal government for help. The federal government in turn gave grants in aid in order that those who needed relief might be cared for. At the end of the year we find that after giving grants in aid this government has a deficit of something like $70,000,000, while on the other hand Ontario has a surplus of $6,000,000. I wonder on what grounds Ontario can come to this government and ask for grants in aid when it has a surplus of that amount. Surely if a surplus is declared they are able to look after their own needy, without applying for help or assistance from the federal authorities. I want to know on what authority or why the government finds it necessary to give Ontario grants in aid, or why Ontario thought it was necessary to ask for that assistance, in the face of a surplus of $6,000,000 in the province, and a deficit of $60,000,000 or $70,000,000 in the dominion.

The difficulty in western Canada in connection with relief is the difference between the schedules for city and country relief recipients. The city schedule is out of all proportion larger than the schedule for the people in the country. The result is that many people living on farms are desirous of leaving the farms and going to the cities. Some of them have sold their machinery and their horses to get money to go to the city. They look after themselves for a year and in that time qualify for relief. After going on relief some of them never come off. I know men in my own constituency who have sold their horses, their machinery, their household effects and everything they could get hold of to get enough money to move to the city and live there for a year so as to qualify for relief. Some of them have been living in the cities for the past five or six years and have not done a tap of work.

If that condition is permitted to continue, the people will keep on leaving the country; they will be driven from their farms to the cities. I have looked through the report of the employment commission. I have been endeavouring to find some information which would show what the men on relief in the cities were earning for the period of five or six years before they went on relief. That is important information with respect to a man drawing relief in a city or anywhere else; we should know what his income has been for the previous five years. I am told that many of the people in the cities who are now getting $70, $80 or $90 a month never earned more than $50 or $60 when they were earning their own living. If we had information as to what these people had earned for the four or five years before they went on relief, it would give us some measure of the extent of the relief which should be given. I should like to ask the minister if

he has any information or if anyone has collected any information bearing upon this phase of the subject.

Mr. ROGERS: I do not know at the moment of any information that is available for the country as a whole, although there may be some municipalities that could provide it. If so, I shall be glad to obtain it and make it available when the supplementary estimates are under discussion. As to the relief scales in Saskatchewan and other provinces and the disparity between relief paid in the cities and in the country, that is wholly a matter of provincial administration. From this distance we could not suitably control a matter of that kind. We could not lay down relief scales to apply in the many municipalities of Saskatchewan.

Mr. STEWART: Is not the explanation to be found in the fact that relief includes fuel, shelter, food and clothing?

Mr. ROGERS: Undoubtedly that would be an important factor.

Mr. STEWART: In most cases the man in the country would have his fuel.

Mr. DONNELLY: The man in Saskatchewan has to buy his coal just the same as the man in the city.

Mr. STEWART: Many of them have wood lots.

Mr. DONNELLY: There are no wood lots in our district.

Mr. STEWART: Perhaps not, and perhaps not much of anything else. But he would likely have his shelter, he would not have to rent a house. He would also have some of his food.

Mr. DONNELLY: Where would he get his food?

Mr. STEWART: He would probably produce some of it.

Mr. DONNELLY: There has not been any produced.

Mr. STEWART: Not in the dried out area, but on the average farm a man would produce some of his food.

Mr. DONNELLY: I am talking of conditions in my district.

Mr. STEWART: I think the explanation would be found in the basis of relief and the different conditions that prevail.

Mr. DONNELLY: Could the minister give us any information as to the basis upon which the grant in aid is made to Ontario?

[Mr. Donnelly.]

Mr. ROGERS: The grants in aid to all the provinces have been affected by two factors, the extent of unemployment and the financial position of the province concerned. No mathematical formula has been worked out which could be applied to the conditions in the various provinces in order to determine just how grants in aid should be allocated among the various provinces. Broadly speaking, those are the two factors that have determined what has been paid by the dominion government to the provinces.

Section agreed to.

Sections 8 and 9 agreed to.

On section 10—Appointment of officers, clerks and employees.

Mr. STIRLING: I notice that under this section the minister keeps in his own hands the appointment of officers, clerks and employees. The civil service commission does not come into the picture at all. In connection with the appointments that the minister will make, can he assure the committee that there will be no reference to the principle that to the victor belongs the spoils? I am referring particularly to the remarks of the Prime Minister the other day when he said:

> I would say that the government would deplore moneys appropriated by parliament being used, directly or indirectly, for political partisan purposes, no matter for what purpose they have been appropriated.

Could the minister tell us how these officers, clerks and employees will be selected, and if it will be necessary for them to have their names on particular lists? As he is not using the civil service commission, from what source will he get the names? Perhaps the minister would consider also the remarks made yesterday by the leader of the opposition (Mr. Bennett) with regard to the increased cost of administration.

Mr. ROGERS: I shall be very glad to deal with both these points. The staff of the unemployment relief branch of the Department of Labour has been beyond the scope of the Civil Service Act from the beginning. It was so arranged by the administration of which my hon. friend was a member and it has been continued on the same basis. Although that staff has always been a temporary staff, there have been no dismissals of any kind from the staff in Ottawa since the present administration came into office. There have been certain changes made in the outside staffs, referring particularly to the inspectors in the various provinces. There

have not been many additions to the staff, but it has always been my desire to secure the best man available to do the work in view. I shall not suggest for one moment that all the positions have gone to those who were opposed to the present administration, but I will say that that has not been the determining consideration in every case. As a matter of fact, I have had a long list of applicants for any vacancy that might occur in the unemployment relief branch and a considerable number of these vacancies have been filled with those who were previously unemployed.

The hon. member referred to the statement made yesterday by the leader of the opposition as to the increased cost of administration of the unemployment relief branch. The statement made by the leader of the opposition was substantially correct, but the inferences he drew were substantially incorrect. I would point out that for the last year for which the previous administration was responsible, namely, the fiscal year ended March 31, 1936, the total cost of the branch was $140,067.67. Next year it rose moderately to $179,031.80 and the next year it had increased to $225,488.43. The increased expenditure was due to the fact that services which had been rendered formerly by other departments of government, or which had not been rendered at all, were carried out by the unemployment relief branch of the Department of Labour.

Mr. STIRLING: Would the minister indicate what services?

Mr. ROGERS: There is one service in particular with which my hon. friend is familiar. The relief camps were previously under the Department of National Defence and, as my hon. friend knows, the administration cost of those camps was very high. I think it would be useful to have the administrative costs placed on Hansard. They are as follows:

1932	$ 25,031 18
1933	509,179 04
1934	726,844 54
1935	988,394 18

Mr. STIRLING: What would that include?

Mr. ROGERS: That is the cost of the administrative staff. Those figures were obtained from the adjutant general's office of the Department of National Defence. I think the statement has been made before that the administrative costs reached a figure of about $80,000 a month. I am not suggesting, at this time at any rate, that that figure was in excess of what was reasonable, having regard to the particular organization of the camps, but I do say that if the leader of the opposition refers to the increased costs in connection with relief he should make due allowance for the fact that a portion of the expense has been taken from the Department of National Defence and placed under the Department of Labour. In other words, our organization to deal with farm placement and forest conservation plans in connection with transients and single homeless men is an additional expense on the unemployment relief branch.

Mr. STIRLING: If I may interrupt, surely no part of that item goes into the figure for 1937 where the biggest increase was.

Mr. ROGERS: I am coming to that. I am dealing with the points one by one.

Then there is the youth training branch. We have set up what I regard as an extremely economical branch to deal with training projects for unemployed young people, but that again has involved some addition to the expenditures of the branch.

Then finally we have increased the number of inspectors in the different provinces owing to the fact that the work done under joint works programs has covered a wider field than previously. I am sure that the hon. member for Leeds (Mr. Stewart) will appreciate the fact that under the late administration the bulk of the work was concentrated on the trans-Canada highway. We later changed that policy in order that the work should be done so far as possible near the centres of population where unemployment was most severe. There were more projects undertaken, in other words, in a greater number of places, and that required a larger inspectional staff.

These are the items which account almost wholly for the additional expenditure of the unemployment relief branch, and when that increase in the expenditures of this branch is compared with the elimination of the administrative costs of the relief camps, amounting to some $900,000 in 1936, it will be appreciated, I think, that the work of the Department of Labour with respect to unemployment and relief is being done in a very economical way.

Mr. STIRLING: It would appear to me to make the increase more glaring if in 1937 there is no expenditure for relief camps included.

Mr. ROGERS: In the figures I have given there is no expenditure for relief camps, but our substitute plan for dealing with single homeless men and transients under the farm placement plan and the special forestry conservation work in particular has necessitated a small staff being attached to the Department of Labour to deal with that aspect of the unemployment problem.

Mr. STIRLING: What has been the total cost of the national employment commission?

Mr. ROGERS: My hon. friend will find this information in the report itself. I think it is in the neighbourhood of $300,000, including the registration.

Mr. McLARTY: Mr. Chairman, I have no desire at all to delay the passage of this section of the bill and I shall be brief, but I do not know that the few remarks I wish to make could be more appropriately made in connection with any other section of the bill. The suggestion I am going to make has to do with the home improvement legislation, which is one of the acts that was dealt with by the national employment commission in its report. It is not necessary for me to go into facts and figures in that regard, but I may say that I had the opportunity of considering the extension which was recently made to the United States act to include loans up to $2,500 for the purpose of building new homes. Has the minister given any consideration to that?

Largely responsible for the success of our home improvement plan has been the voluntary work of many committees in various municipalities in Canada. Those committees, while they have not actually dissolved, have necessarily ceased to function as a result of the dissolution of the national employment commission. In connection with the staff contemplated under section 10, would it be possible to establish some department, not an official department of the government, which might as a permanent proposition encourage and extend the use of the home improvement plan? I suggest that for the consideration of the minister.

Mr. ROGERS: As my hon. friend is aware, the administration of the home improvement plan is with the Department of Finance, and I believe that consideration is being given by officials of that department to the suggestion which he has just made.

Mr. McLARTY: I am not at all critical of the consideration that is now being given to the matter, but may I suggest that the effort should be rather to promote and stimulate the use of the plan than merely to give information to those interested enough to ask for it.

Section agreed to.

Sections 11 and 12 agreed to.

On the preamble.

Mr. ROGERS: I should like to refer very briefly to a matter that was raised before adjournment last night by the leader of the opposition (Mr. Bennett). I had hoped to make this statement in his presence, but at the same time I feel that it should be made without delay. At page 2527 of Hansard the leader of the opposition is reported as follows —and the reference is to the work that was done in the restoration of Fort Henry, and his statement that the contractor for that work, the Frid Construction Company, had for one of its associates the president of the Liberal association of Kingston. The statement of the leader of the opposition is as follows:

> It is all very well for the minister to say that he asked the provincial government that there should be no discrimination. But the contractor, the Frid Construction Company if I remember aright, had as one of its officers, according to the letterhead I have, the president of the Kingston Liberal association.

I have made the necessary inquiry and am able to say to the committee that there is no basis whatever for the statement made by the leader of the opposition. The president of the Kingston Liberal association has no connection whatsoever with the Frid Construction Company. That applies equally, I am informed, to any other member of the executive of the Kingston Liberal association. I felt that I ought to deal with that question at once, in order that there might be no misunderstanding whatsoever.

Mr. STEWART: Just to clear the matter up, is the minister referring to the present president of the Liberal association or does he mean president at any time?

Mr. ROGERS: Or his predecessor; I know that. I did not feel it necessary to go further back because the leader of the opposition referred specially to the president who now holds office. In any event the statement is absolutely without foundation.

Preamble agreed to.

Bill reported.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF AGRICULTURE

Departmental administration, $112,655.

Mr. STIRLING: What is the increase for? There is an increase of $15,234.75 as shown in the statement, and on page 54 the details are given with regard to the different expenditures. It is shown there that the increase is the amount set out in the item under discussion.

Mr. BARBER: Is this due to the reorganization of the department? The minister might give us some details with regard to the set-up.

Hon. J. G. GARDINER (Minister of Agriculture): It is due in part to reorganization. The number employed this year is twenty-five as compared with twenty-three last year, or an increase of two. There are also the ordinary statutory increases which take place from year to year; they account largely for the increase. The reorganization of the department can be best described by taking the estimates as they have been prepared and reversing the order of them. In the estimates themselves marketing services come first, production services next, then experimental farms and science services. The basis of the reorganization is largely this. In our opinion the logical way in which to consider the activities of the department is to take research work as the beginning; experimental work as the next; promotion of production as the third activity, and marketing as the fourth. We believe that the activities of the department proceed logically along that line, and the department has been reorganized on that basis. We have placed in charge of the science services a director of science services; in charge of experimental farms a director of experimental farms; in charge of production a director of production services; and in charge of marketing services a director of marketing. These four report directly to the minister or to the deputy minister, and all branches of the department are organized under one or another of these four heads. That, generally speaking, is the reorganization of the department

Item agreed to.

Publicity and extension division, $133,620.

Mr. STIRLING: Will the minister elaborate this other question? There is a small increase and I notice that under the publicity and extension division the estimate for supplies and materials is $41,000.

Mr. GARDINER: The publicity and extension division of the administration branch undertakes the responsibility of servicing the whole department. The work is divided into administration, editorial, exhibits, press and publicity, and lantern slide services. These are the different services given in connection with publicity work. Under administration and editorial is included general administration of the division, editing and proofreading of publications, distribution of publications, duplicating, mailing lists, assembling and mailing of duplicated material, including market reports, and directing postal and express services for all departmental offices located in the confederation building, which is the main office in Ottawa. The statistics covering 1936-37 indicate in round figures that 83,000 personal requests were received for publications; 1,036,000 publications were mailed on written request; 353,739 publications were mailed in bulk; 1,542,410 copies of marketing reports were mailed on request—that is, reports which go out daily with regard to prices; 149,120 copies of press notices; 74,560 clip sheets; 173,480 farm notes; 7,903,075 copies of miscellaneous articles; 9,148 stencils cut for mimeographing; 6,140,847 copies printed from mimeograph stencils; 657 multigraph jobs; 2,564,271 copies printed on multigraph; 1,904,194 envelopes addressed. These are the activities in connection with publicity work. During the year one hundred new publications were revised and proofread, consisting of twenty-nine farmers' bulletins, eleven household bulletins, five technical bulletins, twenty-three circulars, thirty-four reports, acts, orders and regulations. That covers largely the publicity work. There were exhibits carried on, press publicity, lantern slide services, and general publications sent out in response to personal requests, which increased 21·6 per cent.

Mr. STIRLING: An admirable film was shown in British Columbia last winter in connection with the annual meetings of the fruit growers associations. It shows what happens to the apple in England, the production of apples in England, and so on. I do not know whether that came under the minister's jurisdiction. Perhaps it was under the Department of Trade and Commerce.

Mr. GARDINER: It may have been.

Mr. STIRLING: The minister has referred to such films, and I suppose they are informative. Can he tell us the range of subjects covered and how they are made available to the public? Is it possible to borrow or hire them for use in various parts of Canada?

Mr. GARDINER: I am not sure that I can give detailed information with regard to the different films available, but the information I have is to the effect that sets of lantern slides are supplied on request for use at agricultural meetings and short courses and in high schools and horticultural societies. Last year 308 sets were lent, and at the meetings where they were shown the attendance was 39,000. Requests for these films are received from all provinces. They are available for exhibition in the different parts of Canada.

Mr. STIRLING: Free for the use of the public?

Mr. GARDINER: Yes, I think they are exhibited free. I do not think there is any charge.

Mr. STIRLING: But are they sent out to western Canada express paid?

Mr. GARDINER: That is my impression.

Mr. STIRLING: And the user undertakes to return them.

Mr. CHURCH: I should like to find out something about this publicity campaign. It seems to me that since the present minister took control of this department there has been a large increase in publicity for agriculture. Every little new improvement is spread on bill-boards, films, photographs and advertisements in the papers. There must be some overlapping with the provinces. When you look at the details of this item on page 54, with an increase of $7,000, you see that there is nothing less than a standing army in the department. There is a director, an assistant director, a chief of the administration and editorial division, a chief of the exhibits division, an assistant chief and a publicity assistant, an exhibits decorator, clerks, stenographers, office appliance operators, and so on. This overlapping in departments was referred to the other day, where the dominion and the provinces have concurrent jurisdiction, by witnesses before the Rowell commission. There is considerable overlapping between the extension and publicity work done by the federal department and the provinces; I have seen it myself at the Winter fair, and many summer fairs as well.

This department is costing a very large sum, ten times the amount spent on the health of the community. Next summer and fall we are likely to have another poliomyelitis epidemic, and nothing done about it by this parliament, but we sit here and vote increases for the Department of Agriculture and health of animals, spending some $3,500,000, and about $400,000 for health of humans All the improvements I can see seem to have been largely done in England in this publicity and extension campaign. The minister went over there and got a good deal of publicity in the papers; he was going to show the farmers of England how to farm, and to sell our produce. Almost every minister we have in this department immediately gets a small standing army of officials around him. No wonder the estimates go up. If we want to vote increased money, let us vote it for public health and let this other stand until the Rowell commission makes its report.

I can tell the minister that there is as much suffering among the farmers of Ontario as in his own province of Saskatchewan. Ontario seems to get very little of this publicity and extension work; it is largely devoted to the other provinces. I ask for some equality of treatment. Last session the hon. member for Parkdale (Mr. Spence) complained about lack of equality of treatment of all provinces in regard to the expenditures of this department. The Minister of Finance desires to cut down controllable expenditures; but if we are going to increase all these votes for this department, how can the tax rate be brought down? Is there no other province than Saskatchewan where the farmers are suffering? They are suffering all over the country; so are the industrial workers. There is no publicity department to tell us about the poor industrial worker driven out of his home or how he suffers without any aid at all. I am always glad to vote assistance to the agricultural people, but the details given on page 54 show that instead of some retrenchment in these expenditures this publicity expense is growing.

Every year in almost every mail the members get heaps of literature regarding live stock and other matters. I fail to see any coordination with the provincial departments. I think this increase should be struck out, and the department given the same amount as last year. The time is coming when we shall have to change the method of considering these estimates. there should be an estimates committee to meet with departmental officials, as under the municipal system, and where there is an increase in the vote the department heads should be there to justify it. I would not mind this increase if times were good; but having seen the line-up of people the other day who had to pay income tax, and could ill afford to do so, I protest against this increase in this item.

Mr. McIVOR: I wish to say that the Minister of Agriculture has been doing something. In my constituency, at the request of the chamber of commerce, a service club and a young farmers' club, we have had an experimental substation established. Also in our district we have been trying for years to get a test of our cattle for tuberculosis. This test was put through this year, with splendid success. These are two things I know of that have been a splendid success for the Department of Agriculture.

Mr. PERLEY: I should like to have an understanding with the minister. He has opened up the estimates rather suddenly; I do not think the committee was really prepared

for it; there are very few hon. members around. When the supplementary estimates with respect to relief in Saskatchewan were passed before the end of the fiscal year, an understanding was given that when we came to the minister's main estimates opportunity would be afforded for discussing the whole administration of relief in that province. If the minister will state under what item that may be taken up on another day, I am quite prepared to allow this item to pass. In reply to something I said earlier this afternoon the minister stated that the legislation providing for feed, seed and fodder went through this house and these matters were all discussed during the debate on that bill. I hope he did not think that was conclusive. I think we should have a statement from him now on what item we shall have an opportunity to discuss this matter at some other sitting.

Mr. GARDINER: The proper place to discuss it will be on the supplementaries, when money is being provided for that purpose. I did not intend to infer this afternoon that there could not properly be further discussion of the question of seed. The proper place to discuss feed and fodder and relief matters of that kind is when the items for that purpose are going through. This will come in the supplementary estimates, not the general estimates; there is nothing in these estimates which has anything to do with relief.

Mr. BROOKS: In connection with this item I would understand from the minister's remarks that a great many publications are sent out. I should like to ask how these lists are made up throughout Canada; whether these publications are distributed generally in all the provinces; what revisions are made, and at what periods.

Mr. GARDINER: The figures I gave a few moments ago indicate fairly well the way in which the lists are made up. I might just give an illustration again, and what I said a moment ago will be found in Hansard tomorrow. There were 83,182 personal requests received for publications. That list will contain the names of individuals scattered from one end of Canada to the other. There were 1,036,398 publications mailed on personal request and 353,739 publications mailed in bulk. Those would be to organizations of one kind or another. We have on our mailing lists members of parliament and senators, for example; members of provincial legislatures, agricultural organizations of one kind and another, from one end of the country to the other. You can enlarge upon a list of that kind and pretty well make up the mailing list of the department.

Mr. BROOKS: The point I wished to make was this: In connection with dairying, for example, has the department a list of the dairy farmers in this section and a list of the potato growers in another section, and so on? Does the department send out this literature on these particular branches of agriculture to these various sections? I want to know whether there is a list in the department or whether they wait for personal requests.

Mr. GARDINER: All the lists they have are in this particular branch. The first explanation I gave with regard to this expenditure was that this division undertakes the responsibility of servicing the whole department. All the lists that are compiled, for the dairy and other branches, naturally would be in this particular branch, and they would be made up from those who have made personal application and also from official organizations that are known to the department from one end of the country to the other.

Mr. SENN: I am sorry I was not in the house when the minister made his explanation about these publications. For instance, I am not sure whether he said how many publications there were.

Mr. GARDINER: I did.

Mr. SENN: Then are all these publications free on application? I imagine there are some that have to be paid for by private individuals who desire to obtain them. While I am on my feet I should like to ask one more question in this regard. What method is followed by the department to inform the public that these publications are available? I know there are a good many farmers who would like to get the information if they knew that it was available, but unfortunately very often they are not aware of that. I think a good deal of the usefulness of the publications is lost by reason of the fact that farmers and others who would like to obtain them do not know just what publications are available and the matters with which they deal. I should like to ask if any method is followed to acquaint the general public with these up to date circulars, dealing with new matters, as they are published.

Mr. GARDINER: I am not in a position to state offhand just what proportion of the publications is paid for, but in connection with a certain number of them a charge is made. Information as to what publications may be available is usually given by means of publicity such as was criticized a moment ago; that is, announcements in the press, particularly in the agricultural press, and also by sending out copies to official organizations.

This information is also given when officials of the department may be addressing public gatherings of one type or another in which they happen to be interested. For example, if one of the men from the dairy section should be speaking to the dairy farmers naturally he would mention the different publications that were available to those individuals, dealing with certain subjects with which he himself might be dealing at that meeting. Every legitimate method is followed in placing the information before the public.

Mr. MALLETTE: A moment ago the hon. member for Qu'Appelle (Mr. Perley) said the Minister of Agriculture was bringing his estimates on rather suddenly. I just wish to point out that on April 27, referring to the matters to be taken up the following day, the Minister of Justice said:

If we get into supply we will take up agriculture.

Then on April 28, the Minister of Justice again said:

. . . and if it should so happen that we reach supply, agriculture.

Again on April 29 the Prime Minister intimated that these estimates would be taken up. I think sufficient warning was given so that parliament should not be under the impression that the minister is trying to railroad his estimates through the house.

Mr. SENN: In reply to that statement may I say that it just goes to prove what was stated by the hon. member for Qu'Appelle. Each evening the business for the next day is stated, but last night nothing of this sort was indicated; no supply was to be taken up to-day. Had I known these estimates were coming up I would not have been out of the house, because I did want to ask some questions on an item which I think has been put through already.

Mr. GARDINER: That is quite proper; I would not object to any questions. I might say that this is the first item to be taken up apart from administration.

Mr. SENN: It was the matter of administration about which I particularly wanted to ask the minister. He will recall that last year a statement appeared in the press indicating that there was to be a thorough reorganization of the Department of Agriculture. It was to be divided into new divisions, with an official at the head of each. The first time the estimates were up after this statement appeared in the press I asked the minister to give us some idea of what was contemplated and what reorganization was to take place. At that time he told me he would rather have the question brought up under another item, having to do with marketing. Unfortunately that item did not come up until the dying days of the session, when it was impossible to discuss it or get any information from the minister. It seems to me that this is a most important matter, which the minister should explain to the committee right now. This year the estimates appear under entirely different headings, which would indicate that there is an entirely new set-up in the department, and I think the committee should be made acquainted with that new set-up, why it was brought about and just how far the minister has gone in his reorganization.

Mr. GARDINER: I regret that this was one of the matters with which I dealt before the hon. member came in. The question was asked by another member of the committee and I answered it just a few moments ago. However, I have no objection to repeating the answer, if the hon. member so desires.

Mr. SENN: If the minister has given the explanation, that is sufficient. Had I known that I would not have asked the question.

Item agreed to.

Advisory committee on agricultural services, $5,000.

Mr. DOUGLAS (Weyburn): What persons are on the committee?

Mr. GARDINER: The executive is constituted according to the resolution that was adopted at Regina on July 22, 1933, at the second national conference on agricultural services. The resolution reads:

Moved by Mr. F. H. Auld, seconded by J. H. Evans, that the national advisory committee on agricultural services appoint an executive of nine.

That executive of nine is then appointed, composed of Doctor Barton, Deputy Minister of Agriculture, Doctor G. I. Christie, Reverend Father Leopold, Doctor W. J. Black, Mr. J. B. Fairbairn, Doctor E. S. Archibald, Doctor J. A. Grenier, Doctor R. Newton and Mr. H. L. Trueman. The appointment of the chairman was left to the members of the executive. I presume the chairman is the deputy minister of agriculture. This conference was composed of provincial and federal representatives.

Mr. STIRLING: Do they give their services?

Mr. GARDINER: These are nearly all members of the public service, either provincial or federal.

Mr. STIRLING: Is the $1,320 for payment of a secretary?

Mr. GARDINER: It is for work carried on by the organization.

Mr. STIRLING: What is the meaning of the item of $1,320 for temporary assistance? There is also the sum of $3,680 for "miscellaneous services including travelling expenses."

Mr. GARDINER: The temporary assistance would be for temporary secretarial work and activities in connection with the matter.

Mr. SENN: What are the functions of the committee and the matters with which they deal? Are they matters affecting the provinces and the dominion jointly? While the minister is answering, would he name the secretary of the committee, and tell us whether or not the committee has met in the past year, and if so how often?

Mr. GARDINER: The following is a resolution moved at the conference setting forth the functions:

(a) It was also moved and carried at Regina that "the executive committee of the national advisory committee on agricultural services be asked to nominate for the approval of the national committee such special standing committees as they may deem necessary to study conference matters in their several fields, and to aid the executive in the preparation of conference agendas, and that each such special committee consist of three members, who shall be empowered to add to their numbers.'

(b) Discussion of relation of executive to subcommittees. The following set-up is suggested:

(1) "Standing committee" as specified in the resolution above should be small committees assigned to regional or sectional problems, and should be responsible to the executive of the national advisory committee.

(2) It should be the function of these standing committees to coordinate the activities of problem committees now in existence and to arrange for the appointment of additional problem committees where needed.

That work of course, in the first instance will chiefly concern all these special committees, discussing activities which might be undertaken in different parts of Canada, and so far as possible seeing that there is no overlapping as between provincial and federal activities, where one department is taking care of one line of work. There will be an effort to see that there is no overlapping on the part of the federal body where a provincial body is undertaking the work.

Mr. DOUGLAS (Weyburn): How often does the committee meet?

Mr. GARDINER: Twice a year as a rule.

Item agreed to.

Contributions to empire bureaux, $32,337.

Mr. STIRLING: Where are the bureaux situated?

Mr. GARDINER: The following is a list of the bureaux and the points at which they are situated:

The Bureau of Soil Science, located at Rothamsted Experimental station; Bureau of Animal Health, located at the Veterinary Research Laboratory, Weybridge; Bureau of Animal Nutrition, located at Rowett Research Institute, Aberdeen, Scotland; Bureau of Animal Genetics, located at the University of Edinburgh, Scotland; Bureau of Plant Genetics (crops other than herbage), located at the Plant Breeding Institute, Cambridge; Bureau of Plant Genetics (herbage crops), located at Aberystwyth, Wales; Bureau of Fruit Production, located at East Malling Research station and Bureau of Agricultural Parasitology, located at the Institute of Agricultural Parasitology, Winches Farm Drive, St. Albanas.

Mr. ROWE (Dufferin-Simcoe): Is a similar sum contributed to each of these bureaux?

Mr. STIRLING: The bureaux the minister has named are not indicated at page 55. At that point I find reference to Farnham House Laboratory, Imperial Agricultural Bureau, Imperial Bureau of Entomology and the Imperial Bureau of Mycology.

Mr. ROWE (Dufferin-Simcoe): And they make up the full amount, too.

Mr. GARDINER: The proposals were accepted by empire governments in 1928, and the bureaux I indicated were organized to deal with the special subjects. Those are the Imperial Agricultural bureaux set-up to which the larger grant may be made, and the other ones indicated in the estimate are associated with the Imperial Agricultural bureaux.

Mr. STIRLING: They are branches of the other bureaux?

Mr. GARDINER: Yes.

Mr. STIRLING: What benefits have we received from these contributions?

Mr. GARDINER: The object of the contribution is to make available to the Department of Agriculture here the research activities of the bureaux at these different points. Because of the nature of our agriculture, it has not been thought wise to set up similar bureaux here. It would not be economical to do so in view of the fact that the activities in connection with these bureaux are centralized and the results are made available here. The countries of the empire held their meeting and determined upon this line of activity. The benefits we receive take the form of access to all publications and information made available as a result of the

research work carried on. It is cheaper to do it in that way than to try to do it ourselves.

Mr. STIRLING: Do we receive similar information from any world bureau? Do we receive information from the United States and France for instance?

Mr. GARDINER: That would come under the next vote dealing with the International Institute of Agriculture.

Mr. BROOKS: Are any Canadian scientists employed by these empire bureaux, or are they all English?

Mr. GARDINER: I am not in a position to state definitely. In all probability some of those engaged would claim Canada as their birthplace.

Mr. BROOKS: Were they sent over to England to take part in this work?

Mr. GARDINER: Meetings are held from time to time. In 1936 we sent over three or five representatives of our department to take part in the discussions. They brought back to the department all the information obtained.

Mr. STIRLING: There is an interchange of scientists. Scientists come from England to Canada, and scientists go from Canada to England.

Mr. BROOKS: Would the minister explain what is covered by the bureaux of mycology.

Mr. GARDINER: I am sorry, but I have not that information with me.

Mr. ROWE (Dufferin-Simcoe): The minister was not quite clear as to the benefits we might expect from this expenditure.

Mr. GARDINER: Perhaps I had better give the full details of the whole organization. The imperial agricultural research conference of 1927 recommended that eight bureaux be established to collect, collate and disseminate information on research in selected branches of agricultural science, and generally to assist research workers in the empire with information on their subjects and with introductions to other research workers. These proposals were accepted by empire governments, and in 1928 a number of bureaux were organized, each to deal with a special subject and to be located at a recognized institute dealing with that branch of agriculture. Then follows the list of bureaux which I gave a few moments ago.

Since 1929 this service of common empire interest has been maintained from a fund jointly subscribed by the governments of the empire and administered by an executive council composed of representatives directly appointed by the governments for that purpose. The functions of the bureaux have to do with the distribution of information; they do not themselves undertake research. In 1933 the imperial institute of entomology and the imperial mycological institute, which had previously been organized along similar lines were brought under the general supervision of the executive council of the bureaux. The British commonwealth scientific conference of 1936 recommended the establishment of two additional bureaux, one of dairy research and one of forestry, to meet the needs of research workers not served by the existing bureaux and institutes. On the general acceptance of these recommendations by the governments, an imperial bureau of dairy research was established in 1937 at the dairy research institute at Shinfield near Reading, the Canadian contribution being provided in the estimates of the Department of Agriculture, and an imperial forestry bureau is being established at the Princes Risborough forestry research station, the Canadian contribution to it being provided for in the estimates of the national research council.

The activities of the institutes and bureaux vary somewhat; but the chief and common purpose of them all is collecting, indexing, and abstracting all information in the world as it becomes available in its own branch, and its distribution to the research workers in the empire interested therein. For this purpose each institute or bureau publishes an abstracting journal which is placed on sale. Also, from time to time the bureaux issue special monographs. These are either reviews, with bibliographies attached, on the state of knowledge on some special subject at the time of issue, or descriptions of technique. In the years from 1930 to 1936 over 110 of these special publications have been issued, covering subjects such as soil erosion, vernalization, the arrangement of field experiments and the statistical interpretation of results, the technique of artificial insemination, vegetative propagation of tropical and sub-tropical fruits.

Mr. ROWE (Dufferin-Simcoe): The minister has mentioned tropical and sub-tropical fruits. What contribution has our own research made to the main bureau, and what application has been made by Canadian agriculture of the results obtained by the empire bureaux? We are living in a different zone from many of the countries in which research is being carried on and I should like to know what benefits have accrued to Canada, or what benefits may be expected from the application of the knowledge obtained. There are in this country

many agricultural districts that might be termed late agricultural districts, due to cold climate, and early maturing varieties are most essential. In my opinion this amount of money would permit research to be made here that would be of great benefit to the dominion. I think we should have some indication as to the general application of this information to Canadian agriculture. I realize that from the technical standpoint an application can be made of the general knowledge that might be secured, but I am more concerned about what has been done so far as Canadian research is concerned, in cooperating with the other countries and disseminating the information obtained.

Mr. GARDINER: The question of what results have been obtained by Canadian research might better be discussed under science services administration.

Mr. ROWE (Dufferin-Simcoe): Probably I have not made my point quite clear. Do we contribute anything besides our cash contribution? Do we do anything along this line in order that special knowledge obtained in connection with our climatic conditions might receive due consideration?

Mr. GARDINER: All research work done here is available to these bureaux to be distributed elsewhere, and the research work done in other parts of the empire is available to us here through these bureaux. My statement of the activities of the bureaux indicates that all research work is tabulated, divided into different classes and distributed to the different countries of the empire that contribute toward this set-up. Our own research work is not provided for under this vote. This vote simply provides for the distribution of information gathered.

Mr. DOUGLAS (Weyburn): I notice this contribution is an odd amount, and I should like to know upon what basis the amount is arrived at.

Mr. GARDINER: I would assume that the amount of the contribution is based upon the value of the service we obtain.

Mr. DOUGLAS (Weyburn): A division of the cost is made?

Mr. GARDINER: Yes.

Mr. DOUGLAS (Weyburn): Is it on a percentage basis?

Mr. GARDINER: I am not in a position to state upon what basis the division is made.

Mr. HAYHURST: I referred to an indexing system. This is needed so that students in Canada may know what is being done in other parts of the world with regard to agricultural investigation and experimentation. Consequently in western Canada they know practically nothing of what is going on in other parts of the world with respect to these matters, and there is a need for this type of work. I think it should be further extended, to bring knowledge to all the people from all sources. Proper bibliographies should be prepared by the Department of Agriculture so that we in Canada would be able to get information as to what is being done in other parts of the world, whether it be in forestry, horticulture or any other field. The publications should be properly indexed so that we should be able to tell immediately what book we wanted, and publicity should be given to the index, to lead to the dissemination of the different pamphlets.

Mr. GARDINER: Mycology, by the way, is the study of fungus.

Mr. SENN: Mr. Chairman, hon. members are asking these questions not for the sake of criticism but to find out what the value of this vote is. I can appreciate what the hon. member for Vegreville (Mr. Hayhurst) has just said, that the information may be very valuable, but I can see no reference in the report of the Minister of Agriculture to what is being done under this vote in the interests of agriculture in Canada. I suggest that if in the future some explanation of this vote were made in the annual report it would be in the interests of everybody.

Mr. ROWE (Dufferin-Simcoe): May I ask if this information is made available simply to the Department of Agriculture, or also to the provincial departments and the universities? Just what are the advantages we receive? The minister said that the publications were sent out, but I do not suppose there is sufficient money to make a very wide distribution. Who receives these publications?

Mr. GARDINER: What I intended to convey when I said they were sent out was that they are sent out by the bureaux to the different countries that have joined the organization and are contributing towards it. The information is available then to our research men here and is applied in our experimental work and elsewhere. Any information that would be of assistance at the agricultural college in Ontario, for example, would be made available to it and to experimental stations throughout the country, and through our list of general publications would be available to people who receive them.

Mr. LOCKHART: Our junior farmer organizations are becoming very active, particularly in Ontario, and are anxious to learn more about the things with which this vote is con-

cerned. I think it would be of advantage to them and to the older established groups to learn more of what is going on in world markets, in the United Kingdom, and that should be stressed in connection with this vote.

Item agreed to.

International Institute of Agriculture, $12,000.

Mr. STIRLING: Is this just the foreign version of the imperial bureaux, the item we have just passed?

Mr. GARDINER: It is similar to it. The International Institute of Agriculture held its organization meeting at Rome in May, 1905. At this meeting about forty countries were represented. The representative of Great Britain was present but Canada had not then been invited either to join the proposed international institute or to send a delegate. This invitation was transmitted to the Canadian government some weeks previous to the first annual meeting, which was held in May, 1906. Canada has belonged to the organization from that time down to the present. I have here the different donations that have been made from 1907 onward, running all the way from $579 in 1907 to $2,322 in 1908, and rising gradually until it was $7,730 in 1934, $21,535 in 1935 and $11,510 in 1937.

Mr. ROWE (Dufferin-Simcoe): This seems to be one of the largest amounts ever contributed by Canada. The institute meets once a year, does it not?

Mr. GARDINER: The general assembly meets every two years.

Mr. SENN: Just what information does this type of institute furnish? Is it along research or statistical lines, having to do with the production of wheat and other farm products, and who reaps the benefit? If statistics are sent out, who receives them? Are they sent abroad or to the dominion Department of Agriculture

Mr. GARDINER: Answering the question previously asked, the general assembly is held every two years, and it has been held every second year from 1908, with the exception of the war years. I have here the list of those who have represented this country at the different conferences, but I do not think the committee would wish me to read it. During the years prior to the war a considerable number of publications was furnished free of charge and distributed widely among Canadian readers, but after the war, owing to financial difficulties, the institute required that each publication sent out be paid for by the government. As a consequence the list of readers supplied with free copies in Canada was reduced to a minimum and the persons to whom such publications were sent were carefully selected in order that proper dissemination of the data might be made to those most directly interested. The publications subscribed for include the following: International Year Book of Agricultural Statistics; Annuaire International de Legislation Agricole.

Item stands.

Progress reported.

At six o'clock the house adjourned, without question put, pursuant to standing order.

[Mr. Lockhart.]

Thursday, May 5, 1938

The house met at three o'clock.

ELECTIONS AND FRANCHISE

SPECIAL COMMITTEE ON ELECTORAL MATTERS—CHANGE IN PERSONNEL

Right Hon. ERNEST LAPOINTE (Minister of Justice—for Mr. Mackenzie King) moved:

That the name of Mr. Gauthier be substituted for that of Mr. Parent (Quebec West and South) on the special committee on electoral matters.

Motion agreed to.

FARM IMPLEMENTS COMMITTEE

MOTION FOR CONCURRENCE IN SECOND REPORT PRESENTED APRIL 8, 1937

The house resumed from Friday, April 29, consideration of the motion of Mr. Johnston (Lake Centre) for concurrence in the second report of the special committee appointed to investigate farm implement prices, presented to the house on the 8th of April, 1937.

Mr. M. C. SENN (Haldimand): The motion which is now before the house has already been discussed on three separate occasions. It is to be hoped, in the interest of all those interested in this report, that the debate may now be allowed to continue until the matter is finally disposed of.

If the Canadian farmer is to produce economically and to compete successfully in the home market and the markets of the world he must have his farm adequately equipped with modern machinery. The price he has to pay for such machinery is of very

great importance to him. It constitutes part of his capital investment, and it has a direct bearing as well upon his cost of production. It will not be denied, that the price which the farmer has to pay for his implements is out of proportion to that which he receives for his own product. Unfortunately, however, the same may be said with equal truth about what the farmer has to pay for nearly everything he has to buy. The remedy for such a condition lies not in asking or requiring industry to sell at unprofitable prices, as the farmer very often has to do, nor in opening our markets wide to goods manufactured by the cheap labour or mass production of other countries, but rather in taking steps to place the farmer on an equality with other industries as far as his own price structure is concerned.

The Prime Minister (Mr. Mackenzie King) was perfectly justified in implementing the pledge, which he made during the dying days of the last session, to revive this report, and I hasten to commend the hon. member for Lake Centre (Mr. Johnston) upon the moderation of his address in moving concurrence in the report. I cannot, however, agree with many of his arguments, and certainly not with a number of the recommendations which he added to those which appeared in the report. But I am in hearty accord with the closing paragraph of his speech, wherein he described the plight of agriculture and pleaded that the government should take steps for the rehabilitation of the farming industry.

In my judgment it was unwise and regrettable that concurrence should have been asked in this report at this late date. It was tabled over a year ago. The evidence upon which it was based is some of it over a year old, some over two years old; and in the meantime conditions have very largely changed. The price of implements has again advanced, the cost of raw material and labour entering into the manufacture of farm implements has also risen very materially, and I fully agree with the hon. member for Weyburn (Mr. Douglas) who stated to the house the other night that this report is out of date and of little practical value under present circumstances.

This was not at all a unanimous report. The hon. member for Selkirk (Mr. Thorson), speaking on this motion the other day, read the recommendation in regard to cream separators and stated that it was passed unanimously. I am sorry that I have to deny that statement absolutely. I certainly protested, not only against that recommendation, but a number of others. The hon. member for Brantford City (Mr. Macdonald) was not in accord with many of these recommendations. I might also say the hon. member for Northumberland, Ont. (Mr. Fraser) protested against many of them, and other hon. members of the committee whom I might name felt in the same way. But my chief reason for saying it was unwise to ask concurrence in the report at the present time is this: I do not believe that the committee as it was constituted was in a position to bring down a disinterested and unbiased report. I felt that I was in that position myself. Like many other members of the committee, I am a farmer, and the price of implements is of vital importance to me financially and otherwise. Several members of the committee, while it was in session, stated very frankly that they were interested in the price of farm implements, that they were in the market for farm implements, but were unwilling to buy as long as prices remained at their present level. As I listened to those statements I could not help but wonder just how long one of those members would have been allowed to remain on a jury if he made such a statement in a court of law.

In addition to that I believe this whole investigation originated in the Liberal propaganda during the last federal election campaign. Candidates all over Canada said the prices of implements were too high and laid the blame on the Bennett administration for raising tariffs upon farm implements in 1930. They told the electors frankly that if a Liberal government were elected the duty would be removed or at least reduced and that the prices of farm implements would be lowered accordingly. Some of them even went so far as to carry along lists of farm implements, and they told the farmers that they would be able to buy a mower for ten or twenty dollars less, a binder for forty dollars less, and so on all down the line. So it was not to be wondered at that after the duty was lowered and the prices of implements advanced Liberal members of this house and gentlemen who had been candidates throughout the country were very much embarrassed and even resentful in regard to what had happened. That resentment showed itself from time to time in the committee, and I am sure it was very apparent the other night while the Minister of Agriculture (Mr. Gardiner) was speaking. So I think I am well justified in saying that this was not a disinterested report, from either a personal or a political standpoint.

I stated previously, Mr. Speaker, that I am anxious, in my own interests and in the interests of agriculture generally, that implements should be made available at the lowest possible price compatible with the prosperity of this great country. However, I believe that one of the greatest assets of the farmers is the home market. I live in close proximity to two centres of population where farm implements are manufactured on a large scale. The workers in the factories thus engaged consume large quantities of all kinds of farm products which are produced in that area as well as everywhere else in Canada. The advantages to the farmers in having such industries employing large numbers of men, thus providing a market for their products, far exceed any advantages which might come about through any reduced duties on farm implements. Less than $2,000 will purchase sufficient implements and up to date horse-drawn machinery adequately to equip the average farm in Canada. The life of this machinery is at least twelve or fifteen years. If the duty of 7½ per cent, which still exists, should be entirely removed and agriculture should get the full benefit of that reduction the average farmer in Ontario would not benefit to the extent of $10 a year, an amount which seems to me absolutely negligible when compared with the value of the home market.

Now, Mr. Speaker, I want to come to the first finding of the committee, which states that the prosperity of the farm implement industry is dependent upon the prosperity of agriculture. I think everyone will agree with that; it is a self-evident fact. Beyond question the farmer is the only customer of the implement company. On the other hand, the farmer must have a source of supply, and the implement manufacturers constitute that source of supply. So these industries are mutually dependent upon each other. The history of the implement industry in Canada is very interesting indeed. At the time of confederation, and in the years following, the farmer's implements were very crude and inefficient. He used a plow that was hammered out in the local blacksmith shop; he cut his grain with a cradle and threshed it with a flail. However, as time went on better implements began to make their appearance. Men of initiative and foresight, such as the Masseys, the Harrises and the Cockshutts saw a fertile field for invention and enterprise, and the period from the eighties up to about 1910 or 1912 saw horse-drawn implements reach a very high state of efficiency. At the same time there was a development and consolidation of the agricultural implement industry.

The other evening the hon. member for Lake Centre emphasized very strongly the profits made by the implement industry as a whole between 1890 and 1912, but I do not think it is reasonable to base an argument in favour of lower prices of farm implements at the present time upon profits which these companies enjoyed during a period which ended a quarter of a century ago. If the hon. member had so wished he could have told the house the profits that were made over the whole period, from 1890 to date; the figures are among those furnished to the committee by the auditor, and they are very interesting indeed. They indicate that from 1890 to 1935—and those were the years under review—the implement companies of Canada made an actual profit of 3½ per cent on the average stock issued during that period. That was paid by way of cash and stock dividends. Eliminating the stock dividends entirely it will be found that during this period the implement companies made a profit of 8·8 per cent on the actual cash originally invested in the industry. I do not think anyone will say that these were unreasonable profits over that long period of time; it seems to me they might be called very reasonable.

Immediately following the hon. member for Lake Centre the hon. member for Brantford City gave to the house figures showing the losses incurred by the implement companies, with one exception, in both the last ten year period and the last fifteen year period. I do not intend to repeat those figures, but I tried to check up on them, and I believe they are approximately correct. However, if any confirmation of the hon. gentleman's statement is needed I should like to refer hon. members to the price spreads report. It is well known that the price spreads commission also investigated the agricultural implement industry, and on page 64 of the report of that committee there is a paragraph dealing particularly with this very question which, it seems to me, confirms the figures stated by the hon. member for Brantford City. The paragraph is very short, and I should like to read it:

> Evidence shows that of the four large companies, two obtained a small return on investment over the ten year period 1924-33 inclusive, the figures being 2·6 per cent and 1·0 per cent. The other two companies failed to earn a return and made losses of 2·6 per cent and 1·1 per cent.
>
> In considering these results—

And I want particularly to direct attention to this phase of the matter.

—we inquired as to whether any of the capital had been placed upon their books without the receipt of adequate and proper consideration. No evidence of this was found, at least in the years under review. That there was no undue expansion of manufacturing facilities in the years of prosperity has already been shown and we therefore do not believe that the investment upon which the returns have been calculated is greater than was justified.

The first two sentences of this statement I suggest corroborate to the full the statement made by the hon. member for Brantford City that most of the companies had incurred losses during the last ten or fifteen year period. But in addition to that, and of equal importance—perhaps of more importance—it also shows that there was no over-capitalization in the companies, that there was no watered stock, and that there was no distribution of stock melons in any reorganization of the companies which took place. That is the sense of the findings of the price spreads commission. It seems to me that this adequately proves that certain of the recommendations and findings of the farm implements committee, and statements which have been made by several hon. members regarding undue profits, are hardly in accordance with the evidence.

In view of the relationship existing between the farming and agricultural implement industries, and in view of the fact that there were no undue profits made during this period, it is very difficult for me to understand the charges made the other evening by the Minister of Agriculture against the implement companies when he spoke of soulless corporations not satisfied with reasonable earnings. Because of the minister's position he is peculiarly situated to speak with authority for agriculture. One cannot condemn too strongly language the effect of which is to arouse bitterness and enmity between these two great industries whose interests should be mutual and who are so dependent upon each other. It would have been much better if he had attempted to encourage harmony and cooperation between them, rather than stir up discord and ill-feeling. I agree with the hon. member for Rosetown-Biggar (Mr. Coldwell) when he states that the minister should have announced the government's program the other evening, when he spoke as a member of the administration, rather than make vague and indefinite threats against the industry. By not doing so he has left himself open to the suggestion, more than once repeated, that the speech was made for use in the impending election in Saskatchewan.

Mr. McLEAN (Melfort): Who made the suggestion?

Mr. SENN: I would refer the hon. member, since he has asked me, to an editorial which appeared in the Globe and Mail, the great Liberal organ of the province of Ontario. If he cares to hear it I shall read it to him.

Mr. STEWART: Read it all.

Mr. McLEAN (Melfort): I do not think it is a very Liberal organ since the marriage of the Globe and the Mail, is it?

Mr. SENN: I think it is. I do not think I shall take the time to read it; I have insufficient time as it is to say all I wish to say. However, if the hon. member wishes to hear it, I shall certainly place it on Hansard.

During the period to which we are referring the price of implements has advanced greatly in the United States and I believe that at the present time in that country an investigation is taking place into the question. One cannot help wondering if the government is waiting to see if any action is going to be taken over there before taking action themselves in the matter. Under the circumstances I do not believe the government will take any action. In fact, standing in my place this afternoon I feel I can assure the implement companies that at the present time no action detrimental to their interests will be taken by the government.

I should like to refer to a recommendation made by the mover of the motion. He appealed to the government to remove entirely the duty on agricultural implements, on the ground that Canada's market for wheat has been lost through increased tariff protection, exchange control, quotas and price-fixing by European countries, and that therefore the cost of production in Canada should be lowered by removing the duty on agricultural implements. I wonder if the hon. member realizes how small an effect such action would have.

The average sales of agricultural implements in Canada in the ten year period between 1926 and 1935 were approximately $39,000,000. During that time the average wheat production was $377,000,000. If the 7½ per cent duty were removed, and if the farmer received the full benefit of it, it would amount to only about four-fifths of a cent per bushel. That would have been the amount if the implements had been used only in the production of wheat. But when you consider that they were also used to produce oats, barley, rye, flax, hay, fruit and vegetables, and even dairy products, I am sure the committee must agree with me that the effect on the cost of production of farm products would be absolutely negligible.

Mr. JOHNSTON (Lake Centre): The period to which the hon. member has referred was one when the purchase of farm machinery in the country was not normal.

Mr. SENN: That is undoubtedly true. At the same time I do not believe it was a normal period so far as the production of wheat was concerned.

I should like to refer to a statement made by the hon. member for The Battlefords (Mr. Needham). I do not believe he intended to convey a wrong impression to the house, but at page 1341 of Hansard, he stated that between the years 1920 and 1935 the value of farm implements at the factory was $492,250,-017, and that during that same period they were sold for $660,737,871, leaving an amount of $168,487,854, which I am afraid conveyed to some people the idea that implement companies had benefited in profits to that extent. He did not tell the house, however, that from this $168,487,854, the difference between the two figures, there should have been deducted $52,000,000 for freight; nor did he tell the house that from that amount there should be deducted approximately $100,000,000 as agents' commissions, and cost of distribution. That leaves an amount of about $16,000,000 to take care of profits and other expenses incidental to the business, which were not included in the factory cost. That makes an entirely different picture.

Some fault has been found with the cost of distribution of farm implements. Beyond any question it is inordinately high—much higher in some years than in others. In some years only a small number of implements are sold, but the same organization for distribution has to be maintained, whether the bulk of sales be great or small. I do not believe anyone will suggest that agricultural implement agents throughout Canada are reaping excessive profits. As a matter of fact many of them find it very hard to make a living, and from time to time some have to go out of business. But I do wish to say that the service given farmers by the agricultural implement companies is something the farmer absolutely must have, and something which is given every day at I believe a reasonable cost. Depots for repair parts are maintained throughout Canada at points where implements are sold, and at those depots a full stock of repair parts is kept. On many occasions they are kept at considerable expense to the companies. In addition to that, other services are given the farmers, and I do not think we can overestimate the value of services which from time to time are rendered.

I should like to refer to one or two more of the findings of the committee. Finding No. 2 refers to the backlog of unpurchased requirements which the farmers had been unable to buy during the years of the depression. It states that the normal requirements of agriculture amount to over $51,000,000, but that in addition there is a backlog of some $200,000,000 which the companies should enjoy in the next few years. A perusal of the evidence will show that not one of the representatives of the companies would agree with such an estimate; they all made the statement that it would be unwise for them to base their production program or their price structure upon any such estimate. The experience of the past year has proven this to be correct. Not only was the $51,000,000 of normal requirements not taken up in full, but none of the $200,000,000 was purchased. I agree fully with the hon. member for The Battlefords, who stated that there is little hope that the normal estimated requirement of $51,000,000 would be purchased in 1938. The average purchases of farm implements in the last sixteen years have amounted to about $41,000,000, as will be found on page 1215 of the evidence.

Findings No. 9 and No. 10 are in the same category and to a certain extent refer to the same subject. Finding No. 9 reads:

> That the unfavourable factors affecting the financial returns of the farm implement companies in the period 1930 to 1935 have been largely eliminated and therefore the companies can look forward to a period of relative prosperity in the industry.

I do not think anyone who is at all acquainted with the position of agriculture to-day will say that the buying power of the farmer has returned to normal. The experience of the past year has shown that it has not. It would be a very optimistic man who would say that this buying power will return to normal in 1938.

Finding No. 10, which refers to bad debt losses, states:

> That, particularly, the abnormal bad debt losses resulting from the depression have been largely absorbed by the implement companies and that this item of cost should not appear in the next few years.

What has happened during the past year? The reserves which the companies had set aside for bad debt losses were absorbed early in the year. Many of the accounts that had been considered collectable had to be written off during 1937, particularly accounts in the drought areas. This state of affairs was brought about by conditions over which no one could have any control.

Finding No. 16 recommends that cream separators should be placed on the free list. Very strong representations were made by the hon. member for Renfrew South (Mr. McCann) against such action being taken, and his argument was well supported by facts and figures. However, I cannot help but think that it would have carried more weight had he stood four-square on a policy of protection instead of stating that he was neither a protectionist nor a free trader, that he believed in tariff for revenue. I was just wondering what action he will take should this report be concurred in. If it is concurred in, it would seem to me that the Minister of Finance (Mr. Dunning) will be obliged to remove the duty from cream separators. I was disappointed that the hon. member did not move an amendment to have the matter of the duty on cream separators referred to the tariff board.

I find the following statement on page 1278 of the evidence:

> The information so submitted together with the evidence given by the officers of the De Laval company in connection with the importation by this company of cream separators from Sweden clearly establishes that it is apparently uneconomic to manufacture cream separators in Canada.

I agree entirely with the statements which were made by the hon. member for Brantford City and the hon. member for Renfrew South, that there was not sufficient evidence produced before the committee to warrant any such statement as that. As stated by the hon. member for Renfrew South, the only apparent reason why other countries are able to manufacture cream separators cheaper than Canada is that lower wages are paid in those countries. There can be no doubt that if the manufacture of cream separators were discontinued in Canada, and Canadian dairymen had to rely upon foreign manufacturers for their machines, they would be placed in a most unfavourable position. I shall refer to this matter again before I conclude.

There is another phase of the cream separator question which has not been discussed in this house at any length, if at all, to which I should like to refer for a minute. Because of the preference granted to cream separators under the Ottawa agreements, one or two cream separator companies in Great Britain have been able to establish a fair volume of Canadian business. This fact has not been referred to in any speech to which I have listened, nor was it mentioned in the evidence given before the committee. This volume of business is considerable. I should like to refer particularly to R. A. Lister and Company, Limited, of England, the oldest and largest manufacturer of cream separators in the British Empire. This company did some business in Canada prior to the war, but their factory was taken over by the government during the war and up to the time of the Ottawa agreements they had done little or no business in Canada.

I have here a statement by a representative of this concern, of which I shall read only certain paragraphs which I believe would be of particular interest to hon. members. The first paragraph refers to what I have just stated, that this company had done business in Canada prior to the war but had lost it during the war. The statement goes on to say that despite terrific efforts on their part after the war to rehabilitate their separator business, including the purchase of a plant in Hamilton, Ontario, it was not until the ratification of the Ottawa agreements and the granting of a preference in 1931 on British machines coming into Canada that they were able to make the headway which they firmly felt their previous efforts justified. It is interesting to note that they have secured some fifty per cent of the New Zealand trade. I quote:

> Prior to the passing of the preference in Canada, they were asked whether they were prepared to take full advantage of the concession which would be afforded to them as one of the manufacturers affected in the empire. They immediately intimated that for their part they would not only be prepared to do their utmost to take advantage of it, but would do their best to ensure that for every $100 worth of separators which they exported to Canada, they would take at least $100 worth of Canadian produce in payment. As a result, they entered into a contract with the Cockshutt Plow, and Frost and Wood companies for the distribution of their separators in Canada, and undertook to take on the distribution of certain of their products, suitable to the British market, in Great Britain. As a result of this agreement they have purchased approximately twice the value of Canadian products as compared with the value of cream separators which they have exported to Canada—this, despite the fact that the sales of Lister cream separators in the dominion have been increasing steadily and materially year by year during the past five years—and at the present time, they have similar negotiations in hand with a view to materially increasing the value of this two-way trade in the interests of both Canada and Great Britain, but if, having done all the spade work, development work, and just as the business is becoming of material importance, (grown as it has in turnover some eight to ten times), they are to have it undermined by the taking away of the incentive and encouragement afforded them by the preference aforementioned, the insurmountable difficulties with which they will be confronted will be appreciated. It is contended (1) that they are not only making available to the dairy farmers of Canada a high grade machine but that they

are helping several hundred industrial workers to find sound employment in Canada; (2) that by distributing their products through an agricultural machinery manufacturers' organization they are helping the manufacturer to reduce his selling price in Canada. They are possibly among his three largest clients in the world to-day.

The arrangements come to were the most practical and sound interpretations of the Ottawa agreement which could be effected, and it is believed that this reciprocal business not only expresses the written word but the spirit of the Ottawa agreement in its highest sense, and that without any question of doubt it is within the best interests of the Dominion of Canada and the United Kingdom.

The import figures of cream separators imported into the United Kingdom speak for themselves. They are as follows: 1932, 2; 1933, 535; 1934, 950; 1935, 1,355; 1936, 1,994; 1937, 3,163.

I contend, Mr. Speaker, that if this duty is removed as the recommendation suggests, it will be a violation of the intent of the Ottawa agreement, and I suggest, as the hon. member for Renfrew South has done, to the Minister of Finance and to the government, that before any action is taken on this question it be referred to the tariff board or to some other independent organization.

I find that my time is pretty well exhausted. I do wish, however, to make one other statement before concluding. It is not my intention to discuss the conclusions and recommendations of the commission at greater length. The experience of the past year has proved that they have had varying degrees of truth and of value. The whole discussion revolves around one question: How can agriculture be furnished with its implements of production at prices which it can afford to pay? Certainly not by driving Canadian manufacturers entirely out of business. With this everyone appears to agree. Even the report itself does not suggest that prices should have been lowered when the duty was lowered. You may search it from beginning to end without finding any such intimation. It was left to the chairman to make the suggestion that the duty on agricultural implements should be removed entirely. Such a conclusion was not reached in the report.

In my judgment the remedy for the inequality in prices is twofold. First, steps must be taken to increase the purchasing power of the farmer. This, however, is not the proper time or place to discuss methods of bringing about such a condition. Second, everything possible should be done to preserve the Canadian market for the Canadian manufacturer of farm implements and to see that as large a proportion as possible of the implements in use on Canadian farms are of Canadian production.

This is not a new doctrine. Properly applied, it has done more in the past to reduce prices than any other action that could have been taken. It has worked well in the past, and I believe it is still efficacious. I repeat, it would be a calamity if our Canadian factories were forced to close because of undue competition with the mass production and cheap labour of other countries, and if the Canadian farmer were forced to rely on other countries for his implements of production. Then, indeed, no Canadian authority would have any control whatever over prices.

I should like to quote to the house what a great Liberal and a great Canadian said about this matter. Speaking in the House of Commons in the year 1904, and referring to foreign manufacturers, this is what he said, in part:

> They are not worrying about the good of the people of Canada. They send goods here with the hope and expectation that they will crush out the need of Canadian industry. If Canadian industry is crushed out, what would happen? The end of cheapness would come and the beginning of dearness would be at hand. Artificial cheapness obtained to-day under such conditions at the expense of dearness at a very near day in the future is not a system of which we could approve, or that any of us on either side of the house could encourage.

These are the words of none other than the Right Hon. W. S. Fielding, one of the greatest Liberal ministers of finance that this country has ever had, and the truth of his statement is more than ever apparent under present conditions.

The hon. member for Renfrew South gave a good example in his address when he told the house that Sweden had raised the price of cream separators in New Zealand, where there are no manufacturers of that article; at the same time lowering the price of those sent to the Dominion of Canada because of the competition that was experienced with Canadian manufacturers.

I repeat, it is to be hoped that the Canadian farmer will never be forced to rely on foreign manufacturers for his implements of production. If the Canadian market could be reserved one hundred per cent for the Canadian manufacturer it would result in a lower cost of production because of increased volume, and at the same time would provide increased employment in the factories engaged not only in the manufacture of implements but as well in the manufacture of materials, and in industries which are allied to the farm implement industry. In that way, Mr. Speaker, I believe that we could to a certain extent

help to alleviate the unemployment that exists to-day, as well as provide better markets for farm products in the Dominion of Canada.

Mr. W. G. WEIR (Macdonald): Mr. Speaker, the motion before the house asks for concurrence in the report of the special committee appointed at the last session of parliament to continue an inquiry into the high prices of agricultural implements with particular reference to the increase in prices in 1936. This committee was named to continue an investigation that had been started the previous session before the committee of agriculture and colonization. Looking over the list of members of this house who made up that special committee I find that every group in the house was represented on it. My hon. friend from Haldimand (Mr. Senn) made reference to the fact that the report of the committee was not unanimous.

Mr. HAYHURST: Were any members of that special committee from the province of Alberta?

Mr. WEIR: Yes, I think so.

Mr. HAYHURST: No, not from Alberta.

Mr. WEIR: Every group was represented; I do not know that every province was represented.

Mr. HAYHURST: Alberta is a vital province so far as agriculture is concerned, and there should have been at least two representatives from that province on the special committee.

Mr. WEIR: My hon. friend can deal with that when he rises to speak, but I repeat, every group at least in the house was represented on the committee and thus had a voice in its deliberations. As far as I recall there was no dissenting voice in the recommendations that were brought in by the committee.

Mr. THORSON: May I interject that all the groups were asked to select their own representatives?

Mr. WEIR: Yes. May I say, by way of explanation as to why this inquiry was continued before a special committee rather than before the agriculture committee to which it was referred the year previously, that the agriculture committee consists of sixty members. It is a very large committee and one which in my own personal judgment, was not as satisfactory a committee as it might have been to which to refer an inquiry of this kind. I think even the right hon. the leader of the opposition (Mr. Bennett) agreed with that observation. Indeed he went further and said that the inquiry, he thought, should go before the tariff board. It was for this reason, then, that the reference was made to a smaller special committee. Last year it will be recalled that due to the desire to prorogue parliament early on account of the coronation the report of the committee was not dealt with, nor was any motion made for concurrence in it.

May I here say a word as to the general approach made to this inquiry? I do not believe any committee of this house ever approached a problem with greater earnestness and stronger determination to find the essential facts regarding any industry or any matter that was ever inquired into. The approach was made in the spirit of desiring to establish the essential facts; regardless of what those facts might disclose the committee was prepared to base its findings thereon. With an approach of that kind I am sure that both the committee appointed in 1936 and the one which operated last year were able to secure much additional information, through the good-will that was created right from the beginning, than otherwise might have been the case.

May I also in passing extend a word of appreciation to the hon. member for Lake Centre (Mr. Johnston) who as chairman of the committee had more to do with directing its proceedings than any other person. At the same time may I express a word of appreciation of the very valuable services rendered by the auditor and the counsel who acted for both committees. I doubt if any committee of this house was ever served by abler people who were more willing to give of their time and energy than these gentlemen did, at the remuneration which they received.

There is one phase of this matter upon which I should like to make an observation. When this committee was established, or shortly after it got under way, it was found that a similar inquiry was taking place in the United States before their trade and industry commission. I think it is regrettable that we have not the report of that commission before us at this time, when we are dealing with the report of our own committee.

Coming now to the consideration of the report which is before us, I think everyone is agreed that the prosperity of the agricultural implement industry is tied up with the prosperity of the farming industry. One needs only to look at the figures of purchases of farm implements over a period of years to recognize that that is so. It shows that the high of farm implement purchases was in 1920, when it stood at $82,000,000; it was $70,000,000 in 1929; it was down to a low of

$8,000,000 in 1933. The effect of this lack of purchases was immediately reflected in the financial results to the farm implement companies. It is only fair to point out that these companies sustained losses between 1930 and 1935. It cannot be established, however, that these losses were due to the prices of farm implements being too low; rather they were the result of the failure of farmers to purchase implements. This immediately brings up another aspect of the question, to which the hon. member for Haldimand has referred, namely that on account of lack of purchasing power there has developed a tremendous backlog of farm implement requirements on the part of the farmers. That backlog was estimated at $200,000,000, as against normal requirements of $51,000,000. My hon. friend from Haldimand doubted if that figure would be reached for some time. May I say to him in passing, although of course this observation is localized, that he would be surprised at the purchases of agricultural implements in districts in western Canada where crop conditions have made them possible. I believe that with a return to reasonably normal conditions we shall be astonished at the purchase of implements, in western Canada particularly.

Having regard to the figures, one must immediately recognize the importance of the price increases. According to the bureau of statistics, and we know this from our own knowledge of the industry, the farm implement factories are mostly situated in eastern Canada. The record shows that there are twenty-six in Ontario and four in Quebec. Approximately seventy-five per cent of their business is done in western Canada. Of those companies, the two principal ones are the Massey-Harris and the International Harvester Company. Both do quite an extensive export business, that of the Massey-Harris Company being a particularly important factor.

So far as the committee was able to find, speaking from my reading of the report and from listening to the proceedings at many meetings of the committee, I think it is fair to state that the implement companies of Canada are not selling their farm implements to foreign countries at a lesser price than that at which they are sold to Canadian consumers. However we are concerned only with the Canadian business. Admitting for the moment that these companies did sustain losses through the period of the depression, taking the ten year period from 1926 to 1935 two companies showed reasonable profits on their capital. The auditor's report showed that the International Harvester Company had an earning of 7·7 per cent on its capital, and that the John Deere Company had an earning of something over five per cent before income tax and allowance for profits retained in the parent companies due to customs regulations. The companies did not admit these figures, but they admitted a return about one per cent less. The Massey-Harris Company, it is true, sustained a loss of some fifteen million dollars. The other company, Cockshutt Plow, had a profit of about $20,000 during this period. So it cannot be said that the companies were not making at that time reasonable earnings; they are surely fair earnings particularly during a time of depression. So far as the Massey-Harris Company is concerned it was shown in the evidence presented to the committee that they had a distribution ratio considerably out of line with the other companies; it was thirty-three per cent on net sales, contrasted with an average of twenty-two per cent for the other companies. Surely the farmers of this country have reason to expect a better showing than that, and are entitled to more uniform distribution costs ratio.

As I have said, in spite of the earnings of these companies during the depression, they made good earnings over the ten year period. The argument used in support of the increase in prices was the substantial losses which they had sustained immediately previous to 1935, coupled with, as they claim, increased production costs. Reviewing the increased costs that have taken place, the evidence and the committee's report would indicate that they are not justified in making that claim. I have before me one of the tables, taken from the report, which deals with the cost of raw materials from 1913 down to 1935. Referring more particularly to the years 1930 to 1935, it includes such items as pig iron, bought scrap, steel, lumber, fuel oil, coal, coke, and cotton duck. In only two items in that list was there a price increase between 1930 and 1935. Steel, it is true, increased from $2.37 per hundredweight to $2.40; coke, from $6.33 to $11.07. In all the other items in the list the prices are either the same or lower. Then take the cost of labour. As regards the Massey-Harris Company the rate of wages in 1934 was 45¾ cents per hour, and in 1936, 45 cents. There is a slight increase in the wages paid by the John Deere Company; apart from that the wage rate is practically the same. On the basis of their costs of raw materials and labour there is no justification for the increase in price which took place in 1936.

The companies themselves, when being cross-examined by counsel for the committee, admitted that they could not justify their price increases by increase in the cost of production as regards raw materials, or any of the other items which enter into it, prior to 1936.

There is another thing I should like to interject here, and that is with respect to the argument so often advanced, by farmers particularly, on the basis of a comparison of prices of farm implements to-day with what they were in 1913, prior to the war. Farmers immediately asked: "Why are implements so much dearer to-day than they were prior to the war? Why is not the factor of mass production playing a part in the production of farm implements and their cost?" The implement companies' reply of course was that the factor of mass production had been in operation before the war as far as the ordinary farm implement is concerned and thus could not be a factor to-day. They referred to the tractor and made a comparison with what has taken place in respect to the automobile. It is true that to-day we have a very much better tractor than we had before the war, and at a lower cost. But as far as the ordinary farm implement is concerned that is not the case. Even with the possibility of my remarks being misconstrued I think we have a better type of farm implement to-day than we had in 1913 as far as the large machines are concerned, but I doubt very much whether our ordinary horse-drawn implement is substantially better than it was in 1913, either for efficiency or for durability. The large power unit to-day is unquestionably improved, and the farmer is therefore probably getting greater value for the dollars expended for his large type power machine than he did formerly. But in my judgment the price of the ordinary horse-drawn implement, which most farmers have to buy, and which the large majority will continue to have to buy for a long time to come, is considerably out of line with what it was about 1913 and prior to the war.

For the information particularly of the people in the country I want to refer to some price changes that have taken place since that time. The International Harvester Company were very valuable witnesses before the committee. Their costs were well detailed and complete, and in each branch of their costs they had an all-inclusive factor. I shall refer briefly to the years between 1913 and 1936.

The information is set out in the following table, taken from the evidence given before the committee:

Changes in the costs of producing an 8-foot International binder between 1913 and 1936
(Reference page 1230)

	Factory Overhead			Experimental work	Total mfg. costs	Agents commission	Freight	Total costs	Cash price to farmer at Regina	Mark up
	Materials	Labour	Overhead							
1913. ..	$45.56	$11.97	$17.96	$0.34	$ 75.83	$30.45	$17.80	$134.68	$167.02	$32.94
1920. ..	92.74	31.78	47.67	1.31	173.50	33.80	19.17	226.47	269.00	42.53
1925. ..	80.47	22.57	33.85	1.73	138.62	40.50	25.02	204.14	283.00	78.86
1930. ..	76.35	24.39	36.44	1.31	138.39	46.50	25.42	210.31	278.00	68.69
1933. ..	79.35	20.65	30.98	2.50	133.48	44.50	25.12	203.10	263.00	53.00
1935. ..	70.56	20.48	30.72	1.56	123.32	44.50	25.87	193.69	263.00	69.26
1936. ..	71.06	22.62	33.93	2.55	130.16	45.50	26.08	201.74	281.00	79.26

Repairs 75 per cent higher and are sold for cash.

It is hard to understand how some of these differences in cost can be accounted for. The differences in different years are very substantial. In addition to what this table discloses, the repairs which the farmer has to buy for his implements are now approximately seventy-five per cent higher than the figures used for the actual implement. And these repairs are sold for cash, so that there cannot be much loss in collections in respect of repairs. This table shows that between the laid-down cost and the manufacturing cost there was a difference in 1913 of $74 and in 1936 of $125. These in-between costs may be necessary; the fact nevertheless remains that this is a terrible burden of expense to be added for the cost of distribution. I propose to deal with that in a little different way in a moment. Other hon. members have dealt with different features of the report, concerning which I do not propose to burden the house this afternoon.

I wish however to say a word with respect to the credit policy of these implement companies. It is generally known that they have a credit and a cash system of doing business. Taking again the information supplied by the International Harvester Company, the credit sales of this company amounted to thirty-five per cent of the total sales between 1926 and 1935. On their credit sales alone it cost them 8·44 per cent to collect, and they lost 12·92 per cent uncollected. In other words, their credit sales alone, being thirty-

five per cent of their business, cost them for collection alone, 21·36 per cent. Surely this is an abnormally high figure and one in regard to which this country should hope for some relief. I do not know how that loss and expense can be overcome, but I suggest to the implement companies that that is one item as to which some relief must be brought about, and that they give consideration and attention to the question of some sort of finance organization such as is used by the automobile companies.

With respect to general distribution costs the evidence clearly shows that they have a very expensive system. Farmers have become accustomed to the system already built up, and it may be necessary that it be maintained in part, having particular regard to our crop hazards and the necessity of having repairs and service carried out without loss of time. However, it should be pointed out that this is an exceptionally heavy burden to be added to the cost of farm implements, which in the final analysis the farmer has to pay. Taking the figures to which I referred a moment ago, they indicate that the difference, including freight but excluding agents' commissions, between the factory cost and the Regina cash price to the farmer is forty-four per cent. In other words, I point out here that if some other agency, such as a cooperative or something of that sort, could go to the factory door, purchase for cash and take delivery of say one hundred dollars' worth of farm implements, using the calculations made with respect to an eight-foot binder of the International Harvester Company, they could be bought for $56. I realize, of course, that such an organization would have to do its own retail selling, its financing and servicing and take care of its losses, so it could not be expected that this whole saving would be secured. At the same time this indicates the very great spread that exists between the cost at the factory door and the cost to the farmer. It is not fair to state that this entire saving could be made, but it does indicate one point where some measure of relief should be attempted. Surely this is one place where farmers' organizations could do something which would be of advantage to them.

Much has been said during this debate with regard to the effect of the tariff on the prices of farm implements, and it has been pointed out that under the United States trade agreement the tariff was reduced but that the prices of implements increased. That is true, but it is also true that the price increases in the country where the implements are most extensively manufactured were due not to the tariff but to an entirely different reason. Those increases were due to the heavy purchases of raw materials for war purposes and so on, and also to the increased cost of labour. These things had their immediate reflection in the cost of farm implements in the United States. The Massey-Harris company admitted to the committee that its increased price in 1936 could not be justified because of the increased cost of raw material in this country or the increased cost of labour. Just here I should like to point out that the United States companies, International Harvester and John Deere, stated that the increased prices at that time on the implements imported into Canada would have been greater if the duty had not been lowered. Again it should be noted that when the duty was lowered by the budget of 1936 there was a definite reduction in price on imported implements almost equal to the tariff reduction, indicating that the tariff is a factor in governing prices.

I should like to refer to one specific incident which I think illustrates the situation in connection with the whole line of farm implements. The diesel tractor selling in Regina for $4,600 was immediately reduced to $3,720 when the 25 per cent duty was removed. Therefore it is beyond question that the tariff is a price-governing factor. If it is not then let us eliminate it and allow free competition to play its part. I should like to point out here in this same connection, because I think it is worthy of note, that information coming to my attention indicates that at least one implement company, and a United States company at that, did not increase its prices this year, stating that it was not necessary for them to do so. They are selling their implements at approximately ten per cent less than other implement companies. This also indicates that the tariff is a price-governing factor.

Now, coming more closely to home and attempting to secure a picture of the actual condition in Canada from a competitive point of view. In this country we have approximately thirty-six companies manufacturing implements, while in the United States there are some six hundred companies manufacturing similar implements. Before the committee we had evidence which would indicate that the companies work in pretty close harmony. I am not going to state that a combine exists, but I think it is safe to say that there is close cooperation between the companies with respect to general policy. We have the illustration that when a price change is made by one implement company it is

immediately followed by changes on the part of all other implement companies, and undoubtedly the International Harvester Company dominates the whole field. As further evidence in this regard perhaps it is not unfair to point out that this year, I presume following the action taken by the International Harvester Company, the companies have all changed the entire basis of their price lists and have brought out new lists. Every implement company that I was able to check has adopted practically the same sort of price list, in practically the same language. So if there is not a working arrangement between the companies certainly they all work very closely together.

The very nature of the industry tends towards monopoly, and because of the monopolistic character of the industry I believe we need every possible competitive factor in order to keep price relationships on a reasonable basis. Therefore it would be my suggestion to the house that if we are to allow the fullest possible play of competition with respect to farm implements the best thing we can do is remove the duty entirely. Like the hon. member for Rosetown-Biggar (Mr. Coldwell), the question that immediately came to my mind when this report was presented and concurrence was moved was what was going to be done with the report and what action the government might take. We have listened to arguments from all sides of the house as well as comments from interested parties outside the house. So far as I have been able to ascertain very few suggestions have been advanced as to what action might be taken. I refer particularly to the secretary of the United Farmers of Manitoba, to whom reference has been made on several occasions and who has taken an interest in this matter. He suggested that something had to be done, and asked what the government was going to do. At the same time that gentleman, for whom I have the highest personal regard, offered no suggestions. He is secretary of a farm organization which, to my mind, has a great opportunity to encourage the development of cooperative organizations which could bring about a greater saving in the price of farm implements than any other policy which might be adopted.

Mr. DOUGLAS (Weyburn): Is the hon. member suggesting that the onus is on a farmers' organization to make suggestions?

Mr. WEIR: I suggest to you, Mr. Speaker, that the farmers themselves through cooperatives might very properly do a good deal in bringing about a reduction in the cost of distribution of farm implements.

Mr. DOUGLAS (Weyburn): Is it not true that the United Farmers of Manitoba, at their annual convention later, suggested the setting up of cooperatives to handle the distribution of farm implements?

Mr. WEIR: My reply to that question is simply that I believe true cooperation has to start with the rank and file of the people most vitally concerned. I doubt very much if cooperatives can be set up by government institutions or other outside bodies. The cooperative principle has to be inculcated in the minds of the people themselves. If our farm people wish to establish cooperative organizations, they are the best equipped people to do so.

Earlier in my observations I referred to credit sales. I do not know what can be done, but I do submit something should be done with respect to the financing of credit sales to farmers. Present credit arrangements are costly, and if some means could be evolved by which a finance corporation, similar to the kind operated by the automobile companies, could be established, it would be a step in the right direction.

I believe it has been established from the evidence in the inquiry that the price increases in 1936 were not justified. What are we going to do? What can the government do? That is the challenge which has been put up to the government and to this house. I think three things might be considered. A similar inquiry is taking place in the United States, one which will be much more extensive, complete and far reaching than the inquiry conducted in this country. Should that inquiry disclose abuses in the farm implement industry, either in manufacturing or in distribution, then I would say the government of Canada should not hesitate to use every means at its command to remedy them.

May I refer again to the substantial increase in freight rates. Hon. members will note that those rates have almost doubled since 1913. The farm implement manufacturing companies are situated in eastern Canada, but seventy-five per cent of their sales are in western Canada, necessitating a long freight haul and a heavy burden of freight cost. Possibly the government might take some action with respect to reduced rates, and thus effect a saving in the cost of distribution.

And lastly, because of the monopolistic character of the industry, and also because the tariff is being belittled as a price-governing factor, the government should remove the duty and thus allow the freest competition possible so far as prices are concerned.

Mr. DENTON MASSEY (Greenwood): Mr. Speaker, as a result of the speech the other evening by the Minister of Agriculture (Mr. Gardiner), the debate on the motion before the house has assumed far greater significance than might otherwise have attended the discussion of the report of a special committee of the house. The minister's statement was of the type usually described as provocative—possibly the most provocative statement made this session; certainly the most provocative from a responsible minister of the crown. In other words, it could do no other than generate heat rather than light, exasperate rather than stimulate, confuse issues rather than clarify them; and like most such utterances it was not distinguished by careful candour in the use of figures, or any seeming care to avoid the creation of false impressions.

It is not my purpose to attack the minister, or to criticize those views of his which he is so fond of ambiguously describing as Liberal principles. But when we have statements made in this house, inaccurate in themselves, that can have no effect other than to strike one more blow upon the wedge that is being driven between the various sections of the country, which will cause tempers to rise and substitute ill will and resentment for the spirit of mutual understanding and cooperation in the solution of a common problem, I feel it is incumbent upon me as a member of the house, in the interests of the country as a whole, to attempt to remove false impressions which have been created, and to restore this debate to an unprejudiced and analytical examination of this committee's report.

Mr. McLEAN (Melfort): That will be a welcome change.

Mr. MASSEY: We have just listened to a speech by the hon. member for Macdonald (Mr. Weir), a speech which when placed in juxtaposition to that of the Minister of Agriculture, delivered last Friday, is in sharp and pleasing contrast. I am sure in his remarks he was speaking in what he believed to be the fullest interests of those whom he so ably represents, the worthy farmers of this dominion. He spoke with consideration for all factors, and tempered his speech as he spoke. I am sure his speech will not be considered provocative.

It is scarcely necessary, Mr. Speaker, for me to repeat the statement I have made many times, in and outside the house that I and my family have no financial interest whatsoever in the Massey-Harris Company. I am however interested in the workers in that and any other industrial company, and as a Canadian I have a wider concern, a concern for the unity of Canada and the damage that may be done to it by utterances such as those we heard from the Minister of Agriculture on Friday evening last.

We are all Canadians. We may be industrial workers; we may be farmers. It is true we may have our sectional interests, but our primary interest should be the interest of Canada; and we may well deplore efforts to pit one section of the country against another, and to play upon sectional emotions and class emotions for the doubtful benefit and under the doubtful dictates of political expediency. It is just the type of debate in which we are now engaged, which if we are not careful may stir up as nothing else can, sectional antagonisms which can do no good and which on the contrary may do irreparable harm to the country.

I admit at the outset of my remarks, as every Canadian must admit, that we are still a fundamentally agrarian country. Our basic industry is farming, and we have every reason to be proud of our agriculture and our farming, contributing as it does, and in the way it does, fifty per cent of the value of our primary products.

The Canadian farmer has made and is making a contribution to Canada which is inestimable, and making those contributions in the face of great hazards; for not only does he have local, national and international economic conditions to combat, but further he is always harassed by weather, pests and other uncontrollable uncertainties which may be described as acts of God. It is natural to him to wish to purchase at the lowest price and to sell at the highest price. One can fully understand his point of view on the costs of essentials, among which of course are numbered farm implements. One can subscribe fully to the ideal which should have motivated the farm implements committee, the report of which is now under debate, when its desire was supposed to be primarily to assist the farmer. Such a desire is of course highly laudable in itself.

But there are two factors in the case which must be considered. On the one hand there is the farmer, and on the other hand there is the farmer's fellow-Canadian, the industrial worker. It seems to me, not only from the minister's speech last Friday but also from the speeches of some of those who have supported the report, that there has been demonstrated a lack of perspective of the whole situation, as well as a lack of definition. On what foundation are the findings of this committee based? Was this committee a onesided or lopsided one? Is there anything in the report which indicates the

case of the industrial worker was considered on its merits at all? What of his job, which provides his means of livelihood, when his expenses are so heavy and when the uncertainties of his position these days are a constant source of echinated worry? Was there thought given by the committee to his part in the case? Was there consideration given to the fact that on the average he spends over $400 a year for the product of the Canadian farmer? Was there any thought given to the fact that the Canadian market is the Canadian farmer's only sure market, and should be protected with the greatest care and used and cherished not only for the sake of protecting the job of the industrial worker but for the sake of the protection of the farmer himself?

Time and time again ridiculous statements have been made in this house to the effect that the Canadian farmer receives little or no protection. This hypocrisy was reduced in great part by the hon. member for Brantford City (Mr. Macdonald) who made a most able and capable speech from the Liberal benches as reported at page 1347 of Hansard. He referred to the direct protection which the farmer receives. But will those who are so keen to see what little protection is to-day afforded to industry reduced or removed altogether, continue to be blind to the irreducible fact that the protection of the industrial worker is the farmer's surest protection, for it protects his only secure market, that is, the home market. Every man thrown out of a job by the closing down of any industry represents on the average a loss to the Canadian farmer of a market worth $409.25 per year. Thus those who advocate the annihilation of the Canadian implement industry are recommending that the farmer jeopardize a home market running into millions of dollars.

Then, further, for years the implement industry has borne the brunt of vicious attacks in this house. Why it should be that this one industry should constantly be made the butt of flamboyant political speeches in this chamber and demagogic political harangues in the hustings, seems to be unexplainable except on the skinny basis of political expediency. What about all the other industries that supply the farmer with essentials? But, no, it seems to be the popular thing among some hon. members in this house, and certain claptrap politicians outside of it, to play upon the emotions and sensitivities of the farmer and attempt to portray the implement manufacturer as the arch-villian of the piece. Farm implements are only one of the multiple prime essentials which the farmer requires, and their cost represents a small part of his total budget. It has been stated by those who have made a thorough investigation of this question that the average western farmer spends for farm implements only three cents of every dollar he spends. Before the hon. member for Melfort (Mr. McLean) rises to his feet, let me say that this figure has been challenged.

Mr. McLEAN (Melfort): Who is your authority?

Mr. MASSEY: It came from the hon member's part of the world.

Mr. McLEAN (Melfort): When the hon. member quotes an authority, surely he should tell us who it is when we ask for it.

Mr. MASSEY: I will quote the hon. member for Brantford City (Mr. Macdonald), who sits behind the hon. gentleman and supports his party.

Mr. McLEAN (Melfort): I am afraid he will not accept your authority.

Mr. MASSEY: He knows the Liberal point of view. Double it, if the hon. member wants to; make it six cents, make it anything you want to.

Mr. MACDONALD (Brantford): I obtained it from a newspaper called the Nor'West Farmer.

Mr. MASSEY: That was also the source of my information and I have quoted it over and over again in this chamber.

Mr. DONNELLY: Who wrote the article?

Mr. MASSEY: That figure has been accepted by those who are concerned directly with the industry, and by those in different universities, agricultural colleges, and other such places. However, I am willing to double the figure.

Mr. McLEAN (Melfort): Why use that one?

Mr. SPEAKER: The hon. member is entitled to ask a question of the hon. member who is speaking, only with his permission.

Mr. THORSON: It is closer to ten cents.

Mr. MASSEY: We will call it six cents.

Mr. THORSON: It is closer to ten cents.

Mr. MASSEY: We will call it six cents.

Mr. McLEAN (Melfort): That does not change what it really is.

Mr. MASSEY: Make it six cents, make it ten cents or even twenty cents if it makes the hon. member any happier.

Why should this one industry be constantly called upon to defend itself before parliamentary committees, to have the tariff on its

products raised and lowered, lowered and raised? It has now been recommended that the tariff should be removed altogether. Before some hon. member rises to say it, I will say that in times when the prices for farm products are low, the farmer must reduce his cost of production to the minimum. With that statement I agree. What saving in production cost would be achieved by the farmer if the 7½ per cent duty on farm implements was eliminated and there was a corresponding reduction of 7½ per cent in the price of imported farm implements? I have in my hand a table, which with your permission, Mr. Speaker, I should like to place upon Hansard. This is a most interesting table which shows beyond argument, even that of the hon. member for Melfort, that the average saving to the western farmer with a half-section of land and a tractor would amount to $3.68 per year if the duty on farm implements were eliminated and if this elimination were accompanied by a similar reduction in selling price, and if the farmer purchased only imported machines. Three "ifs" and an "only"! Each of these assumptions is of doubtful value and highly questionable. The table is as follows:

Equipment on half section prairie (tractor) farm showing duty that would be paid if the implements were imported, basis for duty purposes being dealer's price f.o.b. Chicago less 25 per cent.

	Dealers' prices f.o.b. Chicago	Less 25 per cent for duty purposes	Duty 1938 at 7½ per cent	Length of life of implement	Burden of duty per year
Tractor	....	....	Free	....	....
1-2 furrow tractor plow	$102.50	$78.88	$5.77	15 years	$0.38
*1 set drag harrows	29.85	22.39	1.68	15 "	.18
1-8½ foot cultivator	115.00	86.25	6.47	15·3 "	.42
*1-14 foot single disc	119.90	89.93	6.74	15·6 "	.43
†1 grain cleaner	40.00	30.00	2.25	15 "	.15
1-24 run drill	231.30	173.68	13.03	15·1 "	.86
1-8 foot binder	207.50	155.63	11.67	15·1 "	.77
1 wagon gear and box	117.00	87.75	6.58	20·1 "	.33
1 truck gear for fuel tender	43.50	32.63	2.45	15 "	.16
			Total per year		$3.68

*These are Canadian made implements—prices given for nearest comparable American implement.

†This is estimated from Canadian price since none of the full line companies list this machine.

Mark you, with these questionable assumptions, those who advocate the elimination of the duty on farm implements, those who erroneously believe that this elimination would mean a reduction of 7½ per cent in the list price of imported machines, are subscribing to the throwing out of work of thousands of industrial workers. All this for a highly speculative saving to the farmer of $3.68 per year. This amount of $3.68 per year represents a saving to the average farmer of one-fifth of a cent per bushel in the cost of the production of wheat. Hon. members had best sift down the evidence and the facts before making reckless and unguarded statements based upon inadequate information or lack of knowledge of that for which they are asking.

Let me deal now directly with the minister's speech made last Friday evening. I shall deal first with certain figures given by the minister and later with some of his general statements. In the time at my disposal I can deal only with a few of the figures used by the minister. For example at page 2422 of Hansard we find these words:

. . . but I would direct attention to the fact that the cost of labour entering into the construction of an International Harvester binder

[Mr. Massey.]

in 1913 was valued at $11.97. In 1936 it was $22.62. The difference in the cost of labour as between 1913 and 1936 was only $10.65, but the increase in the price of the binder was $113.98

The fact of the matter is that the labour on a binder referred to by the minister includes only productive labour. The addition of non-productive labour would practically double the the amount. Instead of there being an increase of $10.65 in the labour cost between 1913 and 1936, it would be closer to $22.

Mr. GARDINER: That is all in the next item.

Mr. MASSEY: I am coming to that.

Mr. GARDINER: You have to take all the figures.

Mr. MASSEY: Yes, where are the rest of the figures?

Mr. GARDINER: If the hon. member will permit me, as I understand it, the labour item to which he is referring is included under overhead or burden, which is an extra amount. I dealt with overhead and burden in my remarks.

Mr. MASSEY: On page 2423 of Hansard the minister is reported as follows:

So I repeat that after having given consideration to these three items—

Namely labour, material and freight.

—we find that the cost of the binder was increased by $113.98, not by only $44.43.

Of course that statement is highly misleading, for two reasons. In the first place, the terminology is incorrect. The minister refers to the cost of the binder having increased by $113.98, when he should have said the selling price had increased.

Mr. GARDINER: The cost to the farmer.

Mr. MASSEY: Yes, the list price. Second, the minister used the figure $44.43 as the increase in cost occasioned by the increase in material, labour and freight. This cost includes only a fraction of the total cost; the minister gave only a part of the story when he compared costs in 1913 with those in 1936. The minister's figuring is simply hopelessly incorrect. His figures are 125 per cent wrong, as I shall show in just a minute. I ask him not to get so excited and keep his seat. The increase in cost to the manufacturer between 1913 and 1936, based on the figures given in the table on page 1230 of the report, would be as follows:

Increase in cost, material	$25 50
Increase in cost, labour	10 65
Increase in cost, factory burden	15 97
Increase in experimental charges	2 21
	$54 33

To this of course must be added:

Increase in freight	$ 8 28
Increase in commissions paid	14 50
Increase in cost of distribution—(based on figures 22·13 per cent)	21 35
Total	$98 46

In other words, the minister claims that the increase in cost to the manufacturer in 1936 over the cost in 1913 was $44.33, when actually it was $98.46. These figures are taken directly from the committee's report. The minister used only three of the elements and neglected four others. The three he used totalled $44.33, and the four he did not use totalled $54.03. Thus as I said the minister was 125% out in his figure.

Mr. GARDINER: If I may correct the hon. gentleman, if he will just read the next portion of my speech he will find that I included the very items he is now including. They were all in, every item that he has touched upon.

Mr. MASSEY: Yes, but not grouped together. I will read it; it gets worse as we go along. On page 2423, just following what I have quoted, the minister said:

In other words, the price of a binder could be reduced by $69.55, to sell at $211.45 without affecting increases in labour, material or freight costs, still leaving the same mark-up as in 1913.

Now the selling price of the International Harvester Company binder, which the minister says in 1936 was $281, carried the same mark-up over factory cost—note that—as did the binder of 1913, which sold for $170. This will be seen from the following table deduced from the figures given on page 332 of the committee's report, and I would ask that this be put on Hansard in tabular form.

Mr. GARDINER: I understand the hon. gentleman is speaking of percentage of mark-up.

Mr. MASSEY: The minister need not worry so much or often. I know he is quite convinced that he is wrong now.

Mr. GARDINER: I was using dollars.

Mr. MASSEY: Certainly—for a reason. My figures are taken from page 332 of the committee's report.

			1913		1936	Increase
Retail price			$170 00		$281 00	$111 00
Freight	$17 80			$26 08		
Commission	31 00			45 50		22 78
		48 80			71 58	
			121 20		209 42	88 22
Cost at factory			75 83		130 16	54 33
Mark-up			45 37		79 26	33 89
Per cent of cost			59·8		60·8	

The minister used figures that were infinitely more impressive to make his case. He used dollars, and the figure is, of course, greater in one case than in the other because the selling price of the machine was greater. But the percentage remained the same. Thus while the selling price has been raised from $170 in 1913 to $281 in 1936, an increase of $111, the increase in cost to the company was, as I stated, $98.46. So obviously the

price of a binder could not have been reduced, as the minister stated, by $69.55 without a loss to the company in round figures of $29.

Mr. GARDINER: Oh yes, it could.

Mr. MASSEY: The figures are there in the report. If the minister wishes to disregard the report—he has done so already, and I was suspicious that he would—he can do so. But my figures are taken from the report itself.

Mr. GARDINER: I took all the figures from the report, at page 1230.

Mr. MASSEY: Again at page 2423 of Hansard the minister says:

> Therefore a binder could have been reduced in 1936 by $36.32 without the companies having to adjust any of the items of cost submitted in the table which appears on page 1230.

Mr. GARDINER: And still have the same mark-up.

Mr. MASSEY: Certainly, in dollars, but not in percentage.

Mr. GARDINER: It is the dollars that count when you run a farm.

Mr. MASSEY: It is not the dollar that controls in this argument.

The statement of the minister I have just read is just as inaccurate as his previous statement.

Mr. GARDINER: If my hon. friend got his dollars by running a farm he would know that it is the dollars that count.

Mr. MASSEY: I fully understand that, but trying to compare dollars in this instance is fatuous. It is an argumentative statement on the one side which, given to someone who does not understand these matters, sounds evil. I have demonstrated to the minister perfectly clearly from the report itself that he is using dollars instead of percentages. If he were an agent selling these machines on commission, would he sell a $50 machine for the same commission as a $1,000 machine? Certainly not; it is percentage that controls. The same principle holds in both cases, as the minister knows.

Further, in the same paragraph on page 2423 the minister says:

> If overhead costs were maintained at the 1913 level, a binder could be sold for $52 less without reducing any of the other costs and still leave the mark-up of 1913.

Surely the minister knows, and if he does not, every other hon. member knows, that overhead expenses in a manufacturing concern cannot be maintained to-day at the 1913 level. This is so obvious that it need not be elaborated further.

The conclusion of the minister's reasoning in this part of his speech is so preposterous and so damaging and so far removed from the facts presented to and accepted by the committee that I wish to deal with it in detail and plan to do so. His conclusion is found on page 2423 and reads as follows:

> I contend that a binder could have been sold at a lower price, and my contention is backed up by an examination of the cost basis in any one of the years with which I have dealt.

Now let it be remembered that the minister came to this conclusion following a review of the comparisons of mark-up by taking factory cost, freight and commission, and deducting the total of these three from the selling price in each year, and while so doing neglected the important items of factory burden, increase in experimental charges, increase in commissions paid, and increase in cost of distribution.

Mr. GARDINER: I must object. I am sure my hon. friend does not want to misrepresent me. The figures he has just quoted included all five items, and if he will read my speech he will find that I included them.

Mr. MASSEY: I have read the speech with the utmost care, and the minister's statement is very distinct. I am not going to take up my time now by reading it.

Mr. GARDINER: It includes even freight and cost of distribution.

Mr. MASSEY: I am sure the hon. gentleman will remember that when he made his extraordinarily provocative speech the other night he said he would permit one question if it were short. I did not interrupt again, and then he spoke for an hour. I am sure the minister is adding to my case the more he interrupts me, and I am delighted to have back-chat with him across the floor, but I do need all the time at my disposal. If I misquote him, of course, he has a perfect right to interrupt.

Mr. GARDINER: That is just what I got through doing.

Mr. MASSEY: I do not want to be regarded as discourteous in any way, Mr. Speaker, and I try to yield to every member in a courteous manner, but I need all my time and if the hon. member will permit me to proceed I should appreciate it.

There are two points which must be considered before making any statement such as the minister made in this connection. First, the cost figures, as pointed out on the table printed on page 332 of the report of the special committee, include a fixed overhead each year of 150 per cent on direct labour. These costs, of course, based upon such an overhead figure,

are not actual costs for any of the years specified unless it happened that the actual overhead that year was 150 per cent of productive labour. There would be several instances reported over the period covered by the table when the overhead would be much higher than 150 per cent, and many times 150 per cent, whereas it is doubtful if in any of the years the overhead would be less. Thus, on the minister's reasoning, whenever the overhead exceeded 150 per cent the company would necessarily have to absorb a loss. Then, second, as I have just stated, no consideration has been given in the figures quoted by the minister to the cost of distribution and reported in an exhibit on page 20 of the report of the special committee, which shows that distribution expenses vary each year from 13·63 per cent of sales to 37½ per cent of sales. Using the percentages quoted in the report for the International Harvester Company of 22·13 per cent of net sales, which is fair, having in mind the fluctuations from year to year already pointed out, a decidedly different complexion is given to the figures quoted by the minister.

For example, let us take the year 1932, when the factory costs are recorded at $164.55, to which of course must be added freight of $25.12 and commissions of $46.50, or a total cost before distribution of $236.17. The selling price of a binder in 1932 was $273, so that a profit before distribution expense of $36.83 was shown for that year. Now, applying the percentage of 22·13 per cent of net sales, distribution expenses applicable to the binder in 1932 would be $50.12. As the profit before distribution expense was $36.83, this figure of course at once reflects a loss on the sale of each binder in 1932 amounting to $13.29. But if we look at exhibit A, section one of the report, page 20, we shall find that distribution expenses in 1932 were not 22·13 per cent of sales, but 32 per cent of sales, so that the figure used in arriving at the loss of $13.29 is low. Using the actual figure of 32 per cent the loss would be increased to $35.65 on each binder sold.

Are we justified in assuming, as the minister has assumed, that the mark-up for 1932 of $36.83 was profitable to the company and they should have been satisfied to continue operations upon that basis? Let us see what the minister suggests. He assumes first that the International Harvester Company was satisfied with the mark-up of $36.83 in 1932, and that the company profited with this mark-up, and so gleefully he looks at the mark-up of 1936, which amounts to $79.26, and assumes that here is implied an exorbitant return to the company at the expense of the farmer. He is still dealing with dollars and not in percentages. Of course such is not the case. The mark-up of $36.83 represents a loss on every binder sold of $35.65. And thus, with a mark-up of $79.26 as is shown for 1936, the company was attempting to offset the loss of $35.65 and to make a small profit on the sale of a binder, to the amount of $6.78. And, as the retail price was $281, this represented a profit to the company of 2·4 per cent. Will the minister now say that there was an exorbitant profit? Mark, Mr. Speaker, that I have arrived at the profit of 2·4 per cent from the figures presented to the committee, accepted by it, and available to the minister before he made his speech. Thus it is that one cannot help but be led to the opinion that the minister, in arriving at some of the extraordinary conclusions at which he arrived, simply failed to take stock of the facts as presented to the committee and essentially disregarded its report.

Time will not permit me to deal further with the figures used by the minister, but perhaps what I have shown the house thus far may demonstrate that in the speech which the minister made to the house he certainly arrived at some extraordinary conclusions, based on figures which are hopelessly in error, and did not follow the evidence submitted to the committee.

Let me turn to some of the general statements made and conclusions reached by the minister. On page 2424 he quoted from page 1256 of the implement committee's report:

> In the case of farmers purchasing on the terms set out on Table 1, it is shown that the credit expense expressed as an annual interest rate ranges from 24·7 per cent on the unpaid balance in the case of a 6-foot heavy mower to 42·5 per cent in the case of a W-30 tractor. In Table 5 the credit expense expressed as an annual interest rate ranges from 22·4 per cent on the unpaid balance in the case of a 6-foot heavy mower to 34·9 per cent in the case of a 7-foot single disc.

If the minister had gone further he would have told the house in his speech that evidence given before the committee definitely dispelled this misleading statement, which is based upon an erroneous interpretation of the commercial practice of giving a cash discount. To illustrate, if a merchant grants a two per cent cash discount for payment within one month, no intelligent person would say that he was charging a rate of interest of twenty-four per cent per annum if he was not paid cash. Further, let it be stated that, in deference to the views expressed by the committee, the "term policy" of most of the

farm implement companies has been revised and may be regarded to-day as the most favourable basis of any industry dealing along similar lines. It is now confined to an interest charge of six per cent and a finance charge of one-fourth of one per cent for every three months, or approximately two per cent per annum. Of course the minister did not mention. On page 2426 the minister makes this statement:

> I think, after having considered these points, we would be justified in concluding that the credit business does carry itself.

In answer to that statement, it is obvious that the minister disregards the fact that from 1929 down to the present day one company, taking only one of the principal Canadian companies, has incurred losses on the credit business amounting to $4,100,000. Need anything be said further to explode the statement I just quoted?

Again, on page 2426 the minister stated:

> Surely the people have a right to expect, when the argument is used constantly by industry, that up-to-date machinery must be placed in the hands of those who are carrying on the industry in order that they may be able to compete with other countries, that this up-to-date machinery which is placed in the factories would produce our implements at lower costs of production. If so, the lower costs of production should result in lower prices to the consumer.

Now, an examination of the records of any of the implement companies will show that modern machines, such as combines and tractors and tractor drawn machinery—not old machines, horse-drawn machinery, old from the point of view of years, such as the binder as selected by the committee; I admit it was agreed by the implement companies that the binder should be taken, and that was a gesture on their part which was far-reaching in some of its effects—but dealing with the implements which in the minister's part of the world are principally used, they are being manufactured with increasing efficiency, resulting in materially decreased prices.

Mr. GARDINER: I should like to ask the hon. member if he knows how many farmers in Canada use combines.

Mr. MASSEY: I have not the figure in front of me.

Mr. GARDINER: A very small percentage.

Mr. MASSEY: We will leave the combine out, if the minister wishes. I am sure, however, that as a result of the activities of the implement companies many more farmers are going to use combines.

[Mr. Massey.]

Mr. GARDINER: Only in a small area of Canada.

Mr. MASSEY: That is very questionable. They can be used in Ontario. That is not a small area.

Mr. GARDINER: They never will.

Mr. MASSEY: Well, that is a matter of opinion. Certainly not the big machine. The small combine can be used. They are using it now. Take the 12-foot combine, which sold in 1930 at $1,875, and which is being replaced to-day with an 8-foot machine which sells for $900. It is half the price of the machine it replaces and does all the work that a 12-foot machine would do.

Mr. GOLDING: Where are they using combines in Ontario now?

Mr. LAWSON: That has nothing to do with the speech. Let the hon. member go on.

Mr. MASSEY: I do wish to be tolerant, but the hon. member knows well that while the combine is not in extensive use in Ontario, many are convinced that it will be used there,—and it will be.

Mr. SENN: It is being used.

Mr. MASSEY: The hon. member for Haldimand (Mr. Senn) says that it is used. I do not want to discredit the word of the hon. member for Huron-Perth (Mr. Golding), but I think I would rather take the word of the hon. member for Haldimand on farming matters. However, I will go on. It is far beyond the point, and I am sure the hon. member will permit me to continue my speech.

In 1927 a 20-30 tractor with steel wheels sold in Winnipeg at $1,440, while this year a far more efficient and high powered tractor sells at $1,178. The minister was content to make no reference to anything of that sort.

Again at page 2426 the minister said:

> Instead of a man as head of an individually developed, owned and controlled factory being satisfied with a reasonable earning on his invested capital, we have organizations financed on a basis which, in order to pay what appear to be reasonable profits on invested capital, must have twenty, thirty or forty per cent on the materials, labour, overhead, sales, distribution and freight costs.

I would point out that such a statement as that is so far removed from facts that it is hard to understand how it could be made by a responsible minister of the crown. Let me take the case of the largest Canadian company in the industry. Instead of extracting in profits—or extorting, as the minister would imply by that veiled reference—some twenty or thirty or forty per cent or some other astronomical figure drawn from the

ether, that company has paid no dividend whatsoever since 1930, and shows the following record of losses:

In the last twenty years of operation, ending in 1935, a loss of 3.7 per cent.

In the last fifteen years of operation, ending in 1935, a loss of 3·89 per cent.

In the last ten years of operation, ending in 1935, a loss of 5·9 per cent.

In the last six years of operation ending in 1935 a loss of 12·26 per cent.

Need the house be given anything further to show conclusively the recklessness of such a statement as that of the minister, which could be designed to do but one thing, to create a false impression in the minds of those who hear?

Mr. GARDINER: That is a loss on the capital set-up?

Mr. MASSEY: Loss on the capital set-up is what I was giving the minister.

Mr. GARDINER: Read the next paragraph of my speech.

Mr. MASSEY: I would read the whole speech if it were worth repeating. Does the minister cherish the sound of his own speech so much that he likes to hear it re-echo through these halls and feel his ears glow once more, like a young man fresh from his first triumph?

On page 2427 we find the minister saying:

> Distribution costs must come down. The agricultural industry of this country cannot pay them in the prices of implements.

An hon. MEMBER: That is right.

Mr. MASSEY: Does my hon. friend realize what he is asking for?

An hon. MEMBER: The farmer cannot pay the prices.

Mr. MASSEY: He would rather have the machines break down and stand in the wheat and not cut any more crop? That is what the hon. member is asking. That is why I say that no consideration has been given to the two sides of this question; just the one side. The minister neglects entirely the fact that distribution cost includes service cost, service upon which the farmer rightly insists. Of course the cost of distribution would be greatly lessened if the service given to the farmer were decreased or made less efficient. But how vital it is that at all seasons of the year a highly efficient service organization be maintained by every company that sells implements. The minister himself, as a farmer, well knows how important it is to be able to get prompt service in case of an emergency occasioned by a breakdown or accident.

Also, if there were fewer firms competing for the total volume of business, total distribution costs would be less. Let me give the minister an example from Ontario. As the result of the succession of reductions in the rates of duty in the past three years from twenty-five to twelve per cent and finally to seven and a half per cent, a number of American companies, who heretofore have played little or no part in the Ontario business, have now entered the market to compete against the established Canadian companies. These companies, in order to hold their position in the Ontario market against the newcomers, have been obliged to increase substantially their sales and distribution expenses. What does this mean? Of course it means increased cost of distribution; the Canadian companies are perforce spending more money in order to hold the business which they heretofore enjoyed. On the one hand, then, the minister cries out for reduced duties to permit companies from the United States and other countries to come into Canada and compete against the Canadian companies, but on the other hand and in the same voice he makes the statement that distribution costs must come down. What an anomaly! Surely the minister is not blind to the fact that distribution costs go up under keen competition and come down if there is less competition. Does the minister not know what brought into being the Massey-Harris Company in 1891? It was almost bitter competition, with very heavy distribution costs as the result.

Mr. GARDINER: Competition under high protection.

Mr. MASSEY: High protection had nothing to do with it.

Mr. GARDINER: Forcing a merger of the two concerns.

Mr. MASSEY: As the minister well knows, it was the high distribution costs, each company trying to outsell the other in a market where there was room for only one, with the result that the farmer was paying through the nose as a result of the bitter competition. Now the minister wants wide-open competition, wants foreign machines brought in, on which there will be no service, no parts available; a breakdown meaning perhaps the loss of a crop. Will any large outside company develop machines for the Canadian market only? Will any foreign company come into this country and endeavour to develop exactly what the Canadian farmer wants? This is a relatively small market compared with other markets of the world. Let it be remembered that a

reasonable protective tariff is the farmer's surest protection against increased prices due to increased distribution costs.

On page 2427 the minister is reported as saying:

> One only has to follow closely the evidence before the committee to realize that not only does the law of supply and demand not operate in setting the price of farm implements, but the industry does not think it should. If the law of supply and demand operates when the demand is down, the price will be low.

The minister is a farmer, and I am not. The minister is obviously not an economist, neither am I. But I do know that the implement industry feels that prices should be based on costs, not on the law of supply and demand. If one were to follow the minister's reasoning and permit the law of supply and demand to operate, when the demand was up prices should go high. And further, if this were the case, it would mean that when the farmers were buying little they would pay low prices, but when consumption was great and they were buying heavily they would pay higher prices; which would of course create a highly unsatisfactory state of affairs from the point of view of the farmer, and be wholly illogical from every point of view.

On page 2428 the minister reminds us that the cost of a binder in 1914 was $167 whereas in 1921 the price had increased to $326. What would be amusing, if it were not so damaging in its implication, is what was said by the minister in regard to what happened when the duty was reduced by two and a half per cent in 1922, and the price of the binder was reduced by $60. He of course implies at once that following the reduction in duty the price of the binder was reduced.

Mr. GARDINER: It was.

Mr. MASSEY: I hoped the minister would say that. That price was reduced eight months before the reduction in duty!

Mr. GARDINER: Just about the same time.

Mr. MASSEY: No, no—eight months before. The minister carefully avoided stating that the reduction in the price of the binder was made not as a result of the reduction in duty, which came six months later, but as a result of the sharp decrease in material prices, and also lower rates for labour. The $60 reduction had no connection whatsoever with the two and a half per cent reduction in duty.

Mr. GARDINER: Oh, it had some.

Mr. MASSEY: The reduction in price was made before the reduction in the tariff.

Mr. GARDINER: But the discussions took place before the reduction.

Mr. MASSEY: Really I do not think one could be accused of discourtesy in neglecting to respond to that kind of interruption. The cost of material entering into the binder had dropped $31.61, and labour costs were down $9.09, a total reduction in cost, including overhead, of $53.64. Now let the minister, free of partisanship, survey what has happened to implement prices under tariffs. Let him not throw out to this country statements that leave an erroneous impression. He has had the facts before him in the report of the implement committee. Let him come to his conclusions from the evidence submitted under oath rather than temporize with figures that tell only part of the story.

Then, Mr. Speaker, on page 2428 of Hansard the minister says:

> For that reason I repeat the statement that high protection, by inducing competitors to enter a field already provided with sufficient industry, forces prices down to that point where industry cannot pay, and therefore compels price fixing in order that it may remain in business and regain profits.

Again I suggest to the minister that he re-read the report and see if he will reiterate that statement; for in so far as the implement industry is concerned, the facts are quite the opposite. There are four large manufacturers of farm implements in Canada, two Canadian companies and two United States companies, the latter having established factories here under protection in order to avoid the payment of duty and loss of the market. Under the protective tariff these four companies would share the bulk of the Canadian business, and it would be unlikely that newcomers would wish to attempt to break into the market and make the necessary capital expenditures to compete against those already in the field. This, as I have stated, at once means a reduction in distribution costs. But under the present tariff the number of firms competing for the total business available has increased, with the result that the expense of distribution has gone up, and with it the cost to the ultimate consumer, the farmer. That is the answer to the policy of my hon. friend's government. Remove the duty altogether and distribution costs will go up even higher.

An hon. MEMBER: Why?

Mr. MASSEY: I have given the story over and over again, and still the hon. member wants to know why. Here is one of the strong reasons that prices always tend to

increase as the duty decreases, and a protective tariff tends towards lower farm implement prices.

Mr. ROBICHAUD: I should like to ask the hon. member a question. What was the cost of distribution in 1935 or 1936?

Mr. MASSEY: I have not the figure immediately before me, but the hon. member can read it in Hansard.

Mr. ROBICHAUD: I understood the hon. member to say that it was about 32 per cent. Does he not think the best way of competing would be to reduce that cost to ten per cent?

Mr. MASSEY: And give less service to the farmer? Surely it is not necessary to go over all the points at issue again; the hon. member can read them in my speech. I said the cost of distribution was 32·13 per cent in 1932, and that the average for all years from 1926 to 1935 was 22·13 per cent.

Mr. SPEAKER: Order. I must tell the hon. member that his time has expired.

Some hon. MEMBERS: Go on.

Mr. MASSEY: I am almost through, Mr. Speaker.

Some hon. MEMBERS: Go on.

Mr. SPEAKER: With the consent of the house.

Mr. MASSEY: Thank you, your honour. As I was just stating when my hon. friend interrupted, here is one of the strong reasons why prices always tend to increase as the duty decreases, and a protective tariff tends to lower the prices of farm implements.

Lastly—and I appreciate very much your courtesy, Mr. Speaker, and that of the house, in permitting me to continue—at page 2429 we find the minister stating:

> Agriculture, which is the greatest primary industry of Canada, refuses to be bled any longer by half a dozen manufacturing plants which give as their only real reason the fact that they are employing 4,159 men.

Some hon. MEMBERS: Hear, hear.

Mr. MASSEY: Who says "hear, hear?" Let him go back to his constituency and say it.

Mr. WARD: Hear, hear.

Mr. MASSEY: Oh, our friend from Dauphin. Is there any hon. member who comes from a centre where manufacturing is carried on, or who has any real interest in the welfare of the industrial worker, who will say hear, hear?

Some hon. MEMBERS: Hear, hear.

Mr. MASSEY: I wish we could have those names so that they might be placed upon Hansard. I notice the complete silence of my hon. friend from Renfrew South (Mr. McCann); I notice the complete silence of my hon. friend from Brantford City (Mr. Macdonald).

Mr. McCANN: I was not paying any attention to you at all.

Mr. MASSEY: Well, Mr. Speaker, I am sorry if I interrupted my hon. friend, but it is so hard to tell when he is paying attention and when he is not. In this instance I thought he was. Having sat for some time in this house no doubt he has become imbued with the sort of apathy that comes from the government benches, so that he may be suffering from a slight attack of amnesia.

Mr. McCANN: When it is worth while I am a good listener.

Mr. MASSEY: During the whole course of his amazing and provocative speech the minister made no statement quite so staggering, it seems to me, as the one I have just quoted. The implications of it are so far-reaching and so obviously a play upon sectionalism, pitting one group against another. It is the kind of statement, Mr. Speaker, that can do but one thing; that is, to promote ill will and hard feelings, without possibly doing any good. The minister states that the implement industry in Canada employs only 4,159 men. That statement, of course, is no more accurate than many other statements he made.

Mr. GARDINER: Again I must rise to a point of order. The hon. member will find at page 1244 of the report the figures for 1935, the last year for which the complete figures are given. Those are the figures with which I was dealing, and I took the official figures from the report.

Mr. MASSEY: Quite; those were the numbers directly employed in the industry, but does the minister imagine that these are all who are employed by that industry? Are these 4,159 men all those who are employed in the farm implement industry? If the industry were wiped out to-day would there be only 4,159 men lose their jobs? Is that all. Is that what the minister says?

Mr. GARDINER: Oh, it might be.

Mr. MASSEY: Yes, it might be; quite. There are many times that number employed and the minister knows it. The industry as a whole should be considered, providing as it does a livelihood for persons gainfully employed totalling many times that number.

An hon. MEMBER: How many?

Mr. MASSEY: Does it matter? There is a principle at stake. Does it matter whether the number is 25,000 or 40,000 or 12,000? Does it matter?

Mr. DONNELLY: How many does it involve?

Mr. SPEAKER: Order.

Mr. MASSEY: It is quite all right, Mr. Speaker; I do not mind. Even taking a figure as ridiculously low as that used by the minister, I wonder if he thinks the jobs of 4,159 men, particularly in these times, are worth protecting?

Mr. THORSON: They will not lose their jobs.

Mr. MASSEY: And now we have a lawyer who says these men will not lose their jobs. Is the minister prepared to rise in his place and say that the Canadian farmer is no longer prepared to play the noble part he has always played in the development not only of his vital primary industry but of Canada as a whole? That is the question at stake. Apparently I have greater faith in the Canadian farmer than some of my noisy friends, and more than the minister; for I do not feel that there is a farmer in Canada who, if the facts of the matter were fairly placed before him, would be willing to jeopardize the jobs of his fellow Canadians, the industrial workers, for a saving of a few cents in the farm budget. And now let this be noted, Mr. Speaker, that if the 7½ per cent duty on farm implements were removed; if a similar reduction were made in the price of imported machines; if the farmer purchased only imported machines; since of every $100 the farmer spends a maximum of $6 goes for the purchase of implements and repairs, the farmer's budget would be affected by a maximum of 45 cents for every $100 he spends. In other words, Mr. Speaker, are the jobs of 4,159 men to be reckoned on a 45 cent basis? Is any Canadian going to regard his fellow Canadians in that light? That is what the minister says in his speech, and there can be no other interpretation placed upon it. As one who represents a constituency—

Mr. GARDINER: I must correct the hon. gentleman again; he says it is quite proper for me to rise in my place to make corrections. If he turns to page 2429 of Hansard he will find that I said:

—but I suggest that the figures I have submitted to the house, which will carry us back into the years when twice as many men were engaged in the agricultural implement industry, will bear me out when I say that every time better conditions under which to produce have been brought to bear upon the agricultural industry, the implement industry has prospered.

In other words, I was advocating a policy that would bring about the employment of twice as many men.

Mr. MASSEY: I simply state to the minister that that is far from the interpretation that has been placed upon his remarks. Public opinion in many centres across Canada have been stirred by his utterances. For example, in my hand I have a clipping from the Globe and Mail which expresses its opinion in this matter in no uncertain terms. The statement appears in an editorial.

Mr. GARDINER: I did not write the editorial.

Mr. MASSEY: I rather thought the minister had not. Had he written it himself it would have been as accurate a description of his own opinion of his own speech as some of the figures he used. As one who represents a constituency in which there reside some 16,000 families dependent upon industry for their livelihood, and as a Canadian, I protest with all the vehemence of which I am capable against this statement made by the minister.

I deplore, Mr. Speaker, the advantage that a few have taken of what is called protection. Protection is designed for the benefit not of industry but of the industrial worker; not of farming, but of the farmer. And this country has been developed because all sections of it have worked together, farmer and industrial worker alike.

I am not one of those from the east who cries out against the financial burden that has been placed upon those of us who live in the east as the result of having to be of direct assistance to the west. It should be a privilege to have a share in carrying the other fellow's burden. The other day in this chamber we voted about $22,300,000 for relief, and other such purposes, in the dried out areas of Saskatchewan. The vast proportion of that money will be paid out of the pockets of the industrial east; but I ask this house, did any member from the eastern part of Canada rise in his place in protest against this payment? Not one of us. Why? Because we know, all of us, of the plight of the prairie farmer, and we are proud to be able to help him.

The policy that the late government put into practice is a policy that has been a policy of the Conservative party for generations. Protection has been a vital factor in the development of Canadian industry—not

high protection, not unreasonable rates of duty, not embargoes, and not a lot of other things, but reasonable protection. Where would industry be to-day had it not had protection? And without those industries protection made possible there would have been no Canada as we know it, east or west. When every country in the world, without a single exception, is endeavouring to safeguard its domestic market, we in Canada are asked to reverse the whole process, to put our trust in markets everywhere —Europe, Asia, Africa—but not at home, not in the development of our own country and the prosperity of our own people.

Mr. Speaker, it is not the 7½ per cent alone on implements which is at stake in this debate. We are debating a principle, and tied up with that principle is not only the future welfare of this dominion, but the unity of Canada as well. I deplore such utterances as have been made in this house and in this debate—yes, and deplore them in the sacred name of Canadian unity.

Let me repeat in conclusion what I said in the beginning: We are all Canadians. We may be industrial workers and we may be farmers. We may have our sectional interests, it is true, but our primary interest lies in Canada. So I say, may we forget our sectional differences! May we forget parochialism, and together, each one doing his part to help the other, in unity of spirit, in unity of purpose and in unity of design, let us march forward to the development of a greater Canada.

Mr. R. J. DEACHMAN (Huron North): Mr. Speaker, three factors enter into the selling prices of industrial products. With one of those factors, namely wages, I now propose to deal. The year 1926 is generally taken as the base year in a study of Canadian industry. In the five years of depression, from 1931 to 1935, wages paid in Canadian industry declined by 16·8 per cent. That was a relatively small decline. If we measure it, however, by the adjustment necessary owing to the change in the cost of living, it will be found that there were actually more wages paid per average year between 1931 and 1935 than in the pivotal year of 1926.

Mr. BENNETT: In terms of 1926.

Mr. DEACHMAN: It is a comparison of the actual wages in this period.

Mr. BENNETT: But in terms of 1926.

Mr. DEACHMAN: Yes. If we take the wages, add them to the cost of raw material, and deduct the total from the value of products produced, we have an item which I could designate by no better term than the word "balance," and that balance remains to the manufacturer. Out of it he must pay overhead and interest on borrowed money, and from it he must take his profits.

In 1926 that balance amounted to $838,-800,000. For the five years of the depression it averaged $746,300,000. But when I make the necessary adjustment, due to the altered cost of living and express it in terms of purchasing power, the average becomes $918,-600,000. In other words, on the average, expressed in terms of purchasing power, the manufacturers of Canada received almost ten per cent more than they did in the base year 1926. Labour therefore got its share during the period of depression; those who were employed got their share. But of course I admit at once that there were a large number unemployed. The fact remains, however, that labour got its share, practically undisturbed. Industry got its share because in purchasing power it had more money and more value than it had in 1926. Let us consider the position of the farmer.

An hon. MEMBER: What did industry pay in taxes during the same period?

Mr. DEACHMAN: What does the farmer pay in taxes from the sale of his products? With what is he to pay taxes? That is the point I shall next consider.

In 1926 the gross farm income of the dominion amounted to $1,088,000,000. The average for the five years of depression, which I am sure the hon. member who has just spoken will be pleased to hear, amounted to $689,000,000. In other words, the manufacturer got more, but the farmer got an average of $399,000,000 less, or almost $2,000,000,000 less in the five year period than the comparative position would have been if he had received the standard which prevailed in 1926.

I appeal to the hon. member for Greenwood (Mr. Massey).

An hon. MEMBER: Useless.

Mr. DEACHMAN: Useless? No, I do not agree with that. I admit I cannot appeal to his economic sense, but I can appeal to his sympathy. He told us he was strongly in favour of giving justice, a square deal and a fair wage to the worker in Canada.

Mr. MASSEY: And the same for the farmer.

Mr. DEACHMAN: All right, my friend. But the conditions which we had in that period did not produce justice for the farmer, because the manufacturer got an increase, the labourer got an increase and, on the basis of

the story I have presented—which is accurate —the farmer got approximately $2,000,000,000 less.

Mr. BENNETT: The drought had something to do with that.

Mr. DEACHMAN: Part of that was an act of God. Sometimes I have heard that an act of God is anything which happens for which a lawyer cannot collect a fee.

During that period there was a decline by $2,000,000,000 in what the farmer received. Now, cut that in two, if you will, for the drought, or for any other disaster which may have happened. A great deal of the decline in the value of what the farmer received was due to the restriction of markets and to the raising of tariffs not only here but abroad. But if you cut it in two, then I suppose you may cut it in two again—and then what have you left? You have the decline in earnings expressed in terms of purchasing power, after being divided by four, of $500,000,000. The hon. member for Greenwood who, I am sorry to say, has been compelled to leave the chamber—

Mr. MASSEY: Here he is.

Mr. DEACHMAN: I thought the hon. member had gone to revise his speech.

Mr. MASSEY: It needs no revising.

Mr. DEACHMAN: The hon. member gave us some advice—and I am always glad to have it. He said there was danger of driving a wedge between one section of Canada and another. Can anything in the world prevent the driving of a wedge between agriculture and manufacturing, between agriculture and labour, if we are going to accept the dogma in this country that labour must have its share—

Mr. MASSEY: Is the hon. member asking a question, and does he want an answer?

Mr. DEACHMAN: I will answer it myself; but for the benefit of the hon. member—

Mr. SPENCE: You may not do it accurately.

Mr. DEACHMAN: —we have a position in which labour gets its share, in which the manufacturer gets his share, with a larger amount in a period of depression than he did in a time of prosperity, while the farmer has to accept $400,000,000 less throughout the year. It is creating a cleavage engendered by fundamental circumstances. What ought to be the attitude of this house? What ought to be the attitude of the hon. member for Greenwood? He should revise his speech; he should present a speech to us which would be a plea to the house and the country to consider the adoption of measures which would improve the condition of the farmer.

Mr. MASSEY: That speech is up in my office prepared and ready for delivery at the proper time.

Mr. DEACHMAN: I shall welcome it when it comes, if it contains anything worth welcoming. My hon. friend is interested in the workers provided they are not on the farm. According to the statement made by him this afternoon, he is more interested in the 4,159 workers—

Mr. MASSEY: Oh, no.

Mr. DEACHMAN: —in the agricultural implement industry than he is in those who work on the farm.

Mr. MASSEY: I rise to a point of order. I have a high regard for the ability of the hon. member who is speaking, but he must not misstate or misinterpret my remarks. I read an excerpt from the speech of the minister made on Friday evening. The minister referred to those 4,159 workers, and I asked if the jobs of those men were to be jeopardized when it meant a saving to the farmer of only forty-five cents a year.

Mr. DEACHMAN: I am coming to that point. If I have offended my hon. friend and have misstated him in any way, I shall be glad to withdraw. But the fact remains that the average earnings of a worker in the Dominion of Canada reflect the conditions which exist. He has been able to get his share, while the worker on the farm, according to unquestioned and reliable authority, has not got his share. In part, that is the result of the fact that he is compelled to pay the prices he has to pay because of protection.

My hon. friend says that this represents only $3.68; that that is the share which the agricultural implement people got out of this. But they are not the only ones who are sitting up late at night watching the farmer when he comes home; there must be at least a hundred of them. If the agricultural implement people get only $3.68 and there are a hundred others doing the same thing, if the average net earnings of the farmer are $362 per annum, they have taken $6 more than the farmer earned. That is the situation.

My hon. friend made a plea for unity. Unity is impossible under these conditions. He has admitted that Canada is fundamentally an agrarian country. Agriculture is our

basic industry and you cannot restore prosperity when conditions are such as are recorded by these facts. In five years there has been a crash in income of $2,000,000,000 in the case of the farmer. I want to say something else. Let us consider the situation of the farmer as it is to-day. I have offered to cut this in four and put the figure at $500,000,000. The estimate has been made that there is a backlog of $200,000,000 made up of the unfilled requirements of farmers for agricultural implements. In addition to that, it is estimated that it would require at least another $200,000,000 to restore the buildings, fences and equipment of the farms of Canada to their proper condition. The farmer has not been able to cultivate his land properly, and there is a further estimate that it would require at least $100,000,000 to bring the land up to the normal standard which existed in 1926.

When industry is in that condition, what can be done? If what the agricultural implement companies took from us was an isolated case, then it would not be so important. But protection is a national policy so far as the Dominion of Canada is concerned. It has been accepted and we have carried it on year after year. That ring has tightened around the farmer until he is ready to do almost anything to break through. I submit there are worse cases than the exploitation of the farmer by the agricultural implement people. There are other instances where the duty is higher. The farmer sees this ring around him tightening all the time, restricting his export market by restricting his imports, raising his costs of production when he has been in such dire straits for the last few years. Is it any wonder that he wants to escape? He wants to get away from these conditions and the agricultural implement industry offers a chance to break through. That is why he is out after it.

Mr. FRASER: Would they be willing to give up their protection?

Mr. DEACHMAN: I am glad the hon. member mentioned that. My hon. friend is a strong advocate of protection for the farmer. We have had protection for the farmer; it has been increased since about 1926. That was a case of luring the ducks over to the guns and shooting them when they had lost their power of flight. It was offered to the farmers to see if they could not be bribed by protection on a few articles on which protection could be applied, so that it might be more generously applied to articles which the manufacturers produced. I think the farmers of all people should regard with some measure of suspicion those manufacturers who come and suggest that the remedy for the conditions which now exist lies in protection for the farmer. My hon. friend wants to know how it works. In 1926, before there was much protection for the farmer, the gross income of agriculture was 22·1 per cent of the national income. In 1936 it was down to 16·8 per cent. That is gross income, while the net agricultural income in 1936 amounted to only approximately eight per cent of the national income of Canada. I think even my hon. friend will be willing to agree with me when I suggest that if the farmer thought he could get anything from a higher tariff on agricultural products, in fact he got a good deal less than nothing.

Mr. FRASER: He is still asking for it.

Mr. DEACHMAN: He is still asking for it!

Mr. FRASER: And still getting it.

Mr. DEACHMAN: And still getting it. I suppose my hon. friend views with rejoicing the fact that some farmers come and ask for it. But can you expect anything else when everything that is produced by the manufacturer carries a high tariff, when the manufacturers themselves appeal to the tariff board for a reduction in the duties on raw materials and ask that there shall be incorporated in the description of the tariff items in which they are interested a phrase reading something like this, "Free when imported by a manufacturer for use in his own factories?" When you find things like that in the tariff, do you wonder that the farmer, driven to extremities by conditions which exist, sometimes thinks he can step in and get a few of the crumbs that fall from the rich man's table? If the manufacturers are so fond of protection, is it not surprising that they sometimes ask for drawbacks. They tell us that tariffs do not increase the price. The hon. member for Greenwood told us that this afternoon, that tariffs do not increase the price of agricultural implements; yet I pick up a copy of the auditor general's report and here are some of the items I find.

Canadian Canners Limited received $150,000 in drawbacks. The Ford Motor Car Company, which tells us every few days that tariffs do not increase the price, although the tariff board found that the tariff accounted for an extra price of $18,000,000 for motor cars, received $1,286,000 in drawbacks. General Motors received $761,000. And here is a delectable item: The Massey-Harris Company received $34,583 in drawbacks, because they accepted the gospel that tariffs do increase the

price of commodities which they import, but apparently they do not increase the price of the commodities which the farmer wants to import.

Mr. FRASER: These drawbacks were on export business.

Mr. DEACHMAN: Why did they want the drawbacks on exports? When they had to meet the open competition of the world they wanted a drawback, but when they sold within the sheltered market of Canada they thought they could charge it up to the farmer and they did not ask for a drawback.

Mr. FRASER: Maybe they have to compete with cheap foreign labour abroad.

Mr. DEACHMAN: If the manufacturers want to stand up to the test, will they ask that the duties on these articles they import be retained? By their very action they have denied the gospel they support. They pretend to accept it when they want to apply it to others but not when it is applied to themselves. May I suggest to my hon. friend who is keenly interested in this problem that he should make a statement in the house and defend the cause of protection?

Mr. FRASER: I have spoken.

Mr. DEACHMAN: I have not had the pleasure of hearing him defend it. When I had the pleasure of hearing him he was on a different tack. It was during the election.

The whole problem before us is this, and I submit it to the hon. member for Greenwood and to all others in that part of the house, especially to the hon. member for Haldimand (Mr. Senn). The position of agriculture in the Dominion of Canada is a very serious one. It is one which requires the careful attention of every thoughtful man in this dominion, whether he be a manufacturer or whatever his business, and I would like to suggest that not only in parliament but among the members of the Canadian Manufacturers' Association there ought to be some consideration for the interests of the farmer because the burden is becoming too great to bear.

There is this basic fundamental problem before the people of Canada to-day, and unless you can solve your agricultural problem you will have more difficulties in this dominion in the next ten years than you have ever faced before. It was a great Englishman and a great imperialist, Lord Rosebery who once remarked, "There is not a crofter's cabin in the Hebrides nor a close in the darkest quarter of Glasgow that is not a matter of imperial concern." There is not a farmer in the dominion, no matter how poor he may be, but ought to receive from this house the most careful and thoughtful attention in order that the problems he faces may be settled, and settled honestly.

I have submitted facts which show that under the conditions which obtained between 1931 and 1935 the labourer received his share, and the manufacturer received his share. They got theirs with interest, and the entire burden of the depression was borne first by the farmer, who suffered the greatest losses, and then by the other basic industries of the dominion. Unity? We ask for unity, but can you have unity without justice? Can you maintain in the dominion a condition in which to some companies are issued letters of marque, permitting them to exploit other people if they care to do so?

The hon. member for Haldimand told us to-day that he was quite willing to trust the manufacturers if the tariffs were raised high and the goods of other countries were kept out. But in the period from 1931 to 1935 he had the very condition existing for which to-day he prayed, and the figures I have given prove that, given the opportunity, and with every factor on their side, the workers and the manufacturers together said: We shall keep our share, and the farmer can take his chances so far as we are concerned. I submit to the house that under those conditions we cannot trust them, and the best way to control the situation is to remove the privilege which the manufacturers hold and let them meet open competition just as the farmers of the dominion have to meet it. Only as we do that; only as we approach that ideal, can we hope to solve the problem of agriculture in this dominion. That at least will help, and I know of nothing else that will.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. W. G. CLARK (York-Sunbury): With respect to the interesting and valuable report presented by the hon. member for Lake Centre (Mr. Johnston), I should like to make some observations. I have been connected since my youth with the farm implement business, and I can well recall many years ago having visited Brockville, which is I believe in the constituency of the hon. member for Leeds (Mr. Stewart), to buy farm machinery from a manufacturer then located there. It has been my experience that since that time there

has been an advance of two hundred per cent in the dealer's cost of certain types of implements then made there.

Having dealt with the International Harvester Company for forty years, I know that company to be a reliable, enterprising, strong, well managed concern, a good company with which to do business; but in all my experience of advances, the one put into effect on November 1 last seems the one impossible to justify, the one most uncalled for. It appears that it must have been planned for in the early summer, when the tendency, especially in the United States, was towards advances, but the present recession had come before the large advances were actually put into effect. This recession not only applied to certain materials entering into the manufacture of the implements but also to the prices of the products of the customers of the implement companies. I should like to mention some of the advances put into effect by the International Harvester Company on implements in general use by farmers, as applying to the east:

	Advance on November 1, 1937	Present (1938) price
Binder, 5 ft.	$18 50	$267 00
Mower, 5 ft.	10 00	115 50
Rake, 10 ft.	4 25	59 75
Manure spreader, No. 4 A	15 50	204 50
Fertilizer drill, 11 disc.	17 00	190 00
One-row potato planter, with fertilizer attachment	16 25	168 25
Potato digger, No. 4	25 50	200 00
Potato digger, No. 6.	27 50	204 00

It was stated in a letter quoted by the hon. member for Renfrew South (Mr. McCann) with regard to a cream separator concern, that it made a reduction in 1933 because of the low price of farm products. If the same consideration had been given generally to that idea, certainly the manufacturers in Canada would not this year have made such marked advances in the prices of farm implements. At the present time a large number of farmers in New Brunswick have, as their surplus crop to dispose of, potatoes. Potatoes are selling now for fifty cents per barrel of 165 pounds. That, I suppose, would be the equivalent of wheat at twenty-five cents a bushel, and we can well understand that if wheat in the west was only twenty-five cents a bushel there would be more demands from the west than there are now. We find that on planters with fertilizer attachment the advance put into effect on November 1 is $16.25, so it will take thirty-two barrels of potatoes to pay the increase alone in the price over last year. If a farmer wants to buy a digger, the increased cost of which is $27.50, it will take fifty-five barrels of potatoes to pay the increase, or 400 barrels of potatoes, 165 pounds to the barrel, to pay for that digger alone, an equivalent in cost of production to, say 800 bushels of wheat. That is just for a horse or tractor drawn digger; it does not include the power.

It cannot be assumed that the advance is due to the increased cost of materials, because the parts that were on hand were advanced 15 per cent, and they did not cost any more on November 1 than they did on October 31. In that case it was simply a mark-up. Included in the advance are parts made of cotton, and it is well known that cotton has been reduced in price some forty per cent. In spite of that, the manufacturers advanced the price of the finished article. Evidently they got together in regard to prices and made the mark-up without due regard to conditions and costs.

I am uncertain as to whether the duty has any effect in this case, because the present duty on the principal farm implements is only 7½ per cent. My suggestion is that the government should send a representative to the large manufacturers and ask that the last advance be cancelled and that the prices be restored at least to what they were last year; for it can surely be shown that the drastic advance was not justified and will result in a materially lessened sale as well as being a hardship to many farmers throughout our dominion. I quite agree that the potential market for farm implements is great, and that if prices of farm implements were reduced and prices of certain farm products advanced the demand for implements would be very large. Let me give a little instance. In one part of New Brunswick a good salesman made a survey last season. He brought in the names of some fifty-five farmers who wanted to buy mowing machines, but they felt that on account of the low prices of farm produce and other difficulties they would have to postpone the purchase. The result was that not ten per cent of those farmers made purchases last season. Apply that to other lines and extend it throughout Canada, and it will be seen that a proper relation of prices of farm implements to that of farm produce would bring about an enormous demand for the manufacturers to supply. It would be to their interest now to reduce prices at least to what they were last year, and so win the good will of parliament and the people of this dominion.

Mr. F. D. MacKENZIE (Neepawa): In my opinion the chairman and the committee which brought in this report are to be congratulated upon the fine piece of work they have done. They have completed a thorough job and brought in a unanimous report embodying thirty-six conclusions and recommendations which the house should speedily pass for governmental action. The committee was composed of members of every group in the house, and the report was unanimous; why then should there be any delay in implementing the recommendations? The House of Commons appointed this select special committee on February 1, 1937, to continue and complete the inquiry begun the year before by the standing committee on agriculture. The report was presented to parliament on April 7, 1937, and the understanding then was that the house would be asked to express an opinion at the present session.

While the inquiry was national in scope, the problem is peculiarly acute in western Canada, and the position of western agriculture is emphasized in the report, although full consideration was given to the whole country.

Some trouble apparently arises from the fact that nearly all the Canadian companies manufacturing farm implements are located in the province of Ontario, so to the other difficulties under which western Canadian and maritime farmers suffer is added the cost of freight, and there have been indeed many other difficulties to which it can be added.

As regards the condition of agriculture in the last decade, let me quote from page 1217 of the report:

> It needs little argument to support the general statement that the economic condition of agriculture since 1929 has been extremely bad. Almost every factor that could possibly affect the position of the farmer has operated to his disadvantage during that period. In western Canada the coincidence of poor crops over a long period and of abnormally low prices for farm products, combined with unfavourable world and local conditions, made the farmer's position a particularly unfavourable one. While industry attempted to restrict its losses by decreased production, entailing the laying off of employees, the reduction of expenses, and by the maintenance of prices for its product, the farmer, by virtue of being forced to market his products at prices largely determined by agencies other than himself, has had very little control of the financial results of his industry.

Note these phrases: "Coincidence of poor crops over a long period and of abnormally low prices for farm products." This combination of factors would be disastrous enough alone, but note what accompanied them. Those factors, "combined with unfavourable world and local conditions," as we are told, could not fail to make "the farmer's position a particularly unfavourable one."

We know that both dominion and provincial governments stepped in and spent large sums of money by way of relief to keep the farmer in business, and large sums to stabilize agricultural conditions in parts of Canada. And, to quote again, the committee felt, or hoped:

> . . . that it is quite fair and proper to point out to the farm implement manufacturers that these governments are spending such sums in order to keep the farmers, who constitute the customers of the farm implement industry, on their farms, and to stabilize and improve their condition. It is therefore not too much to expect the farm implement companies, who will indirectly benefit thereby, to make a substantial contribution toward the same end, and that this contribution should consist of supplying the farmers of Canada with the implements of production at the lowest possible price . . .

That was indeed a pious hope of the committee, but apparently one of those hopes deferred that make the heart sick. Was that expressed hope of the committee well founded? Did the wish fall on receptive ears? Was the hope fulfilled by the future actions of the farm implement manufacturers? Let events occurring since that time be the answer. This report was brought to the house on April 7, 1937, and before that summer was over the farm implement manufacturers further advanced their prices by 7·8 per cent. That is how they answered the hope of the committee.

The committee also studied the financial structure and results of the principal implement companies from 1926 to 1935. They delved exhaustively into costs, prices and distribution of implements and repairs and parts over a large range. These matters are all set out and analyzed in many instructive charts, which well repay study. On the matter of repairs the finding is significant and well worth quoting. It is found on page 1275:

> It should be kept in mind that the use of "repairs" is the "poor man's" method of keeping his implements in good condition when his financial position will not permit him to purchase a new machine, and that every effort should be made by the companies to keep the price of these repair parts as low as possible. This, in the opinion of the committee, the companies have signally failed to do.

Surely no comment is needed on that.

The committee also looked into the matter of tariffs, and made some pertinent statements on this subject. Here is one on page 1288:

The committee is of the opinion after considering all of the evidence submitted that a reduction in tariff undoubtedly should, and actually does, in the long run, operate to reduce to the lowest competitive figure the ultimate price to the consumer.

Again at page 1291 we find this summing up of the portion of the report dealing with the effects of tariffs and trade barriers:

To sum up, therefore, the committee is of the opinion that the reduction on tariffs should find its full effect in a comparative reduction in price levels unless the element of true competition is lacking. If this element is lacking it nullifies to some extent the natural effect of such reduction.

They go much further than that in the case of one implement, the cream separator. They recommend without reservation, in paragraph 16 appearing on page 1295, that cream separators be placed on the free list. On Tuesday, March 15, the hon. member for Selkirk (Mr. Thorson) dealt exhaustively and exclusively with the question of cream separators and made out what I considered, and other hon. members agreed, was an unanswerable case for cream separators being placed on the free list. The complete case for making cream separators duty free is embodied, I submit, in that speech.

Then in paragraph 17 we find this:

That reduction in the tariff should and does, in the long run, tend to lower the price level to the farmer, depending on the extent of free price competition in the industry.

In view of the findings of the committee; in view of all the information upon which those findings were based, and above all in view of the action of the implement manufacturers in impudently flouting the government and the committee by increasing prices in 1936, with a further increase of 7·8 per cent last summer, after this report was presented to parliament, which increase means a new and unjustifiable levy of around $4,000,000 on the farmers of the prairies alone for the benefit of the makers of the tools they use, I cannot see why these implements should not be placed on the free list, and why resolution No. 17 should not read in that way.

In closing, may I quote short extracts from two letters received within the last few days, which set forth the considered opinion of the thinking farmers in this country:

The report of the special committee of last year, they feel, is a call to action which ought not to be ignored, and there seems to be no action in sight just now. They view this with extreme disappointment. That a widespread injustice should not only be permitted to continue but actually be allowed to increase creates a very grave situation.

Then, from the other letter:

We are very much concerned about this situation. The implement people appear determined to over-ride the conclusions and recommendations of last year's committee and to press still more extortionate prices in 1938. We think this is a challenge to Canadian democracy and we are looking for unified action on the part of the representatives of rural Canada.

As I see it, Mr. Speaker, that is the situation. Action is called for here, definite, effective and undelayed. That action should be, on the part of the government, to wipe out all duties on all farm implements.

Mr. BRUCE McNEVIN (Victoria, Ont): Mr. Speaker, in rising to take part in the discussion of the report of the special committee appointed to investigate prices of farm implements, my first thought is to avail myself of this opportunity to extend my congratulations to Mr. Graham, the solicitor, and Mr. Macdonald, the chartered accountant, upon their untiring efforts and effective work, which greatly facilitated the investigation.

The point that interests me most in respect to this matter is the present extremely high price of farm implements, especially when compared with the past and prevailing prices of the products which the farmer must sell in order to pay for the implements required to operate his farm. The object of this investigation was not to set the farmer against the implement manufacturer or vice versa, but, through a complete survey of the entire question relative to the manufacture, transportation and distribution of farm implements, to ascertain whether or not the increase made early in 1936 in the prices of this type of farm equipment was justified, and, if not, what action within the scope of governmental jurisdiction might be undertaken to assist in reducing the cost of these implements. I am aware that power is not vested in governments to state at what prices produce or equipment or goods must be sold within or without the boundaries of our country. In fact, I am not one of those who believes in regimentation or government control of agriculture, industry or business. Yet governments have control of fiscal policy, which is an instrument that may be used to promote the best interests of the greatest number of people.

I now come to a point which must not be forgotten. I refer to the necessity of maintaining the lowest possible price for all implements used in the production of natural

wealth by means of agriculture, mining and forestry. The prosperity of this dominion depends to a large extent upon the development of our natural resources. Huge quantities of implements and machinery are required for this purpose, and in my opinion it is the duty of the government to see that everything possible is done to prevent exploitation of the producers of natural wealth through extremely high implement and machine prices.

The argument has been heard in recent debates on this question that the cost of farm implements represents a very minor expense to the farmer. I take strong exception to this assumption. The cost of the ordinary group of farm implements to be found on the average Ontario farm—and in this connection I am referring to the horse-drawn type of implement, thereby eliminating tractor or power machines—would amount to approximately $1,800. During his lifetime the average farmer will wear out two outfits. Add to this the high cost of repairs, and I am confident hon. members will agree with me that this represents a major item of expense to the farmer. In support of that contention I might say that on my farm I am using my third plough, my second binder and my second mower, so I feel that this statement is quite within the bounds of reason and truth. If we take the net income of the average farmer in the province of Ontario as given to this house by the hon. member for Huron North (Mr. Deachman), amounting to $365 a year, if my memory serves me correctly, it is not hard to figure out how long a farmer spends during his lifetime working to pay for these implements.

I come to another point which I desire to bring to the attention of the house. If during the period when the sale of implements almost reached the vanishing point, due to the greatly diminished purchasing power of the farmer, the implement companies had substantially reduced the prices of farm implements, this would have stimulated the purchase of these implements, which would have resulted in greater profits for the implement manufacturers and increased employment for those engaged in the implement industry.

In connection with credit or time sales there seemed to be ample justification for the implement companies to provide for an increase in the percentage of the cash or down payment, as it is commonly called; yet, in my opinion an exorbitant rate of interest is charged the farmers for the balance of the time payments. Furthermore, in recent years this cost has been materially increased. Let us take what might be described as staple implements on an Ontario farm, namely a binder, a disc drill, a mower, a ten foot rake and a four section harrow. The per annum rate of interest prevailing in connection with time payments on these machines for 140 to 180 days will amount to at least 16 per cent, a rate of interest which, I am sure the house will agree, is much too high.

In order to determine the true position of the farmer with respect to an exchange of the product of his labour for the implements required to operate his farm, I shall place on record approximate figures covering this point for the years 1913, 1926 and 1936. For this purpose I am using two typical implements used on an Ontario farm.

Mr. BENNETT: Are they in the evidence?

Mr. McNEVIN (Victoria): Yes; they are a six foot mower and a 13-run single disc drill. As regards farm produce, for the purpose suggested I am using two items produced extensively in Ontario, namely butcher cattle and butter fat, based on the market price at Toronto.

In 1913, 1,008 pounds of butcher cattle were required to purchase a six foot mower, while in 1926 1,600 pounds were required, and in 1936, 2,373 pounds. In connection with the disc drill we find that in 1913, 1,391 pounds of butcher cattle were required to purchase the drill, while in 1926, 2,464 pounds were required, and in 1936, 3,407 pounds.

Then, covering the same point, and using butter for the purchase of these two machines, we find that in 1913, 205 pounds of butter fat were required to purchase a six foot mower, while in 1926, 244 pounds were required, and in 1936, 423 pounds. In connection with the drill we find that in 1913, 267 pounds of butter fat were required to make the purchase, while in 1926, 376 pounds were required, and in 1936, 608 pounds.

I come now to the recommendations of the committee with respect to placing cream separators on the free list. In this connection may I say that during the debate some objections have been made with respect to the amount of time given by the committee to representatives of companies manufacturing cream separators to present their views. I am of opinion that sufficient time was allowed to cover the important points, in addition to the information secured by correspondence with the interested companies.

I shall now proceed to give comparative figures in connection with cream separators, on approximately the same basis as that used a few minutes ago with respect to typical

farm implements. We find that in 1913, the proceeds from the sale of 320 pounds of butter fat were required to purchase a No. 16 De Laval cream separator, while in 1926, 250 pounds were required and in 1936, 430 pounds.

In connection with costs in the production of cream separators I understand the costs of the De Laval Company consist largely of materials purchased from the parent company in the United States or Sweden. According to information filed with the committee this item amounted to $50 for the No. 16 separator. The labour cost on each separator in the Canadian plant amounts to only $1.64. Therefore this company cannot do a very great deal of manufacturing in Canada in connection with the production of cream separators. The Canadian plant is in reality only an assembly plant. I would not be surprised to find that as a result of this situation substantial profits are retained by the parent company in either or both of the countries referred to, thus affecting the profit of the local company.

In view of these circumstances there seems to be ample justification for the attitude taken by the committee in recommending that cream separators be placed upon the free list. During the afternoon and formerly in this debate much has been said with respect to cooperation and unity in Canada. No one is more anxious than I am to promote sentiment of that kind. But let us consider what the farmer, the farmer's wife, son or daughter who turned a cream separator from 1931 until the first of this year received by way of an hourly wage. What did they receive for the labour expended in that operation? The answer is, far below a living wage. I am free to admit that in the months of January, February and March of 1938 butter fat did reach a substantial and profitable price. In my remarks I do not desire in any way to speak disparagingly of any citizens of the dominion or with respect, particularly, to those of the city of Toronto. But what did we find? We found that when butter reached thirty-eight or forty cents a pound, the women of that city banded themselves together to force down the price. I maintain that if we are going to develop unity in Canada, we are fully justified under such circumstances in rising in our places in the house and defending the rights and needs of those engaged in butter fat production in this province of Ontario.

In view of the foregoing facts it is not surprising that agriculture enjoyed prosperous times in 1926, because there existed at that time a reasonable balance of value between the farmers' sales of produce and their purchases of machinery and other commodities. I am sure the house will agree that the prosperity in the period referred to was not confined to the agricultural population, but was enjoyed to the same extent by all citizens of the dominion.

In order to determine whether the suggested increase in price early in 1936 was justified, or not, I shall make an analysis of the total costs in manufacturing implements in Canada in the years 1934 and 1935. We shall divide the costs into three classifications, namely, material, labour, and burden, based on 100 per cent of the net sales realization. In 1934, the cost of material amounted to 40·22 per cent, the cost of labour, 11·1 per cent, and the cost of burden—which means all other items entering into the cost of the implement—to 35·82 per cent making a total for that year of 87·05 per cent of the net sales realization.

In 1935 the cost of material amounted to 37·08 per cent; the cost of labour, 9·92 per cent, and the cost of burden, 19·75 per cent, or a total of 66·75 per cent of the net sales realization. A comparison of the costs for the above-mentioned periods fully demonstrates that the suggestion of the implement companies to increase prices may be described as absolutely unwarranted.

Mr. Speaker, a discussion of this question would not be complete without reference to the budget of 1936 when the duty on farm implements was reduced to its present level of approximately 7½ per cent. One cannot recall the discussion which took place in the house at that time without remembering the fear and apprehension which prevailed in the minds of some of the hon. members to my immediate left. May I direct attention to some of the remarks made at that time by the hon. member for Greenwood, whose family has had a long and distinguished connection with the agricultural implement industry in several important countries throught the world. The hon. member is reported at page 2539 of Hansard of 1936 as follows:

> The reduction of the duty on farm implements to 7½ per cent does one thing and one thing only; it spells disaster to the implement industry of Canada. This means that the jobs of 18,000 men are threatened by the introduction of this tariff.

The hon. member is also reported on the same page as having stated that his chief interest was not in the implement industry, but in the men employed in that industry and their jobs.

Let me refer now to the Labour Gazette to determine what has been the net result with regard to employment in the agricultural implement industry and manufacturing conditions generally in Canada. The Labour Gazette of March, 1938, contains a table at page 306 giving a comparison in the numbers employed in the manufacturing industries from 1933 on, taking the average of 1926 as 100. The figures for February 1 of the different years for manufacturing are as follows:

1933	75·0
1934	84·2
1935	90·1
1936	98·5
1937	105·3
1938	110·3

These figures show that conditions have improved in the period referred to. I want to state emphatically that while I am deeply interested in the welfare of those engaged in our agricultural industry, I am also greatly interested in the welfare and jobs of those employed by the implement companies or by any other industry in Canada. In order to present to the house a true picture, perhaps I should give the figures with reference to employment in the agricultural implement industry. These figures are for the same periods as those given for industry generally, and are as follows:

1933	30·3
1934	41·8
1935	52·5
1936	65·5
1937	62·2
1938	76·9

Let me now direct the attention of the house to some figures in connection with production in the implement factories in Canada. In 1935 this industry produced $13,692,476 worth of implements. In 1936 this figure was increased to $15,957,460, which represented the highest production since 1930. It is generally admitted by all companies that operations in the year 1936 were more profitable than in the previous year. May I turn now to the exact number of persons employed in the agricultural implement industry. My figures are taken from the dominion bureau of statistics. In 1935 the total number of salaried employees and wage earners was 4,989, their wages and salaries amounting to $5,325,620. In 1936 the number of salaried employees and wage earners was 5,508, an increase of 519. The salaries and wages for this year amounted to $6,041,620, an increase of $716,000 or 13 per cent more than the amount distributed for this purpose in 1935.

[Mr. McNevin.]

During this period imports of agricultural machinery increased from $5,493,428 in 1935 to $9,373,876 in 1936. Slight gains were recorded in several items, but the chief advance was in connection with tractors and parts, where the increase was from $3,347,598 to $6,507,788. I may be subject to correction, but my understanding is that the rate of duty for these items remained practically the same as heretofore. In giving these figures I do not want to be misunderstood. I am not attributing a lack of sincerity on the part of the hon. member for Greenwood. I have the highest regard for his honesty of purpose and integrity; yet this comparison of the results obtained in the last two years has proven beyond the shadow of a doubt that the fears and apprehensions which so greatly disturbed his mind two years ago were without foundation.

One further point; it is true that certain specialized lines of agricultural production enjoy a measure of protection, but these branches represent limited areas of cultivation outside which we find the major farm operations such as beef and pork production, many lines of dairy production and, last but not least, the wheat growers. These latter classes, which are outside the specialized lines, do not at the present time nor will they for many years to come benefit by the placing of protective duties against the importation of similar commodities into this country. It is in this latter group that we find the vast majority of those who are demanding cheaper implements. In my opinion, the result of this investigation has proven that their demands are fair and reasonable. In considering the prevailing rate of duty on farm implements, I am not going to argue that a 7½ per cent duty constitute a high tariff or that the removal of this tariff would solve the entire problem of high implement prices. In fact, I am in favour of reducing the rate of duty on the raw materials which enter into the manufacture of implements to correspond with the reduction in the duty on the finished implements.

We are dealing with complex problems in this parliament, but in my opinion the placing of increased purchasing power in the hands of our farm population is paramount among them. If this can be accomplished, many lesser difficulties will disappear. Too wide a margin has existed between the price of farm products and the price of farm implements. As a means to assist in correcting this discrepancy I support the opinions

recorded in the conclusions and recommendations of the special committee, whose report we are dealing with at this time.

In conclusion, may I point out what I believe is the weakest point in connection with this entire question? I refer to the non-existence of a strong active farm organization in the Dominion of Canada, whose representatives could have sat down around a common table in 1936 with the representatives of the implement companies and discussed this question on its merits before the increased prices were put into effect. If action of this kind had been possible, I do not believe the unjustified increase in price would have been authorized. I think more could have been accomplished by this method than can be accomplished by discussing the problem in this house. The farmers would then be in a position to bargain collectively on a basis similar to that used by organized labour.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I am not going to make a speech, but I am going to state a few facts and draw my own conclusions.

I visited a farm twenty-two miles west of Fort William, and I saw a separator which had done its work and was being cleaned up for duty again. I saw five gallons of cream in a can, and I asked the farmer how much he would get for it. He said, "Eighty cents." I was appalled. Five gallons of cream for eighty cents! And as I sit in this house and listen to the minister trying to induce the youth of Canada to take up farm life, I wish he would take a peek into that can of cream —five gallons for eighty cents. Those who have been brought up on a farm know what work that means. It meant many a tired hand. It meant getting up early in the morning; it meant the care of cattle, long hours of work. I do not say that is an argument against the price of separators, but I do say it is an inducement to protect not the seller of the separator but rather the man who buys it. I know something of organized labour, and I know it is pretty well able to take care of itself, but those who work on the farm have not been able to take care of themselves. The man in the factory works eight hours a day and gets at least forty cents an hour, but the young man on the farm could hardly make a living if he worked only eight hours a day. He works more like ten or twelve hours a day and more, and he does not get forty cents an hour. It would take many a can of milk to show enough profit to buy a pair of overalls for the farmer or a new hat for his wife.

We are told that the farmers in the west, as I view them in southern Saskatchewan, should be induced to go into mixed farming, but I would ask those who urge the farmers to do that to take a peek at that five gallons of cream for eighty cents.

Mr. EDWARDS: Eighty cents a gallon?

Mr. McIVOR: No. Who should be protected—the manufacturer who makes the machine or the man who uses it? I congratulate the committee most earnestly upon the encouragement it gives to our farmers in recommending that cream separators and other implements be put on the free list.

Mr. E. O. BERTRAND (Prescott): Mr. Speaker, I should like to make a few observations on this motion for concurrence in the report of the special committee that has been considering the high price of farm implements. So many have spoken already in this debate that it is difficult to avoid touching on some things which have already been discussed, but I noticed this afternoon that the hon. member for Haldimand (Mr. Senn) stated that during the period from 1890 to 1935 the implement manufacturers in Canada had merely made a profit of 3¼ per cent on the stock issued by these companies during that period.

To put before the house what the position of the implement manufacturer is, may I be permitted to state that one company merged with other manufacturers in 1891 with a capital of approximately $3,500,000, plus $1,000,000 added later, about 1911, and what has been the result for this company? In the period from 1891 to 1912 the following profits were made, and I am giving these figures because I want to show, in answer to what was put on the record by the hon. member for Haldimand, that in some periods the farm implement manufacturers have been fortunate enough to make large profits. The company in question paid cash dividends to the amount of $11,212,349; stock dividends to the amount of $8,500,000; a rest account was created of $6,500,000, and a special contingency account set up of $1,680,000. In addition, there were unallocated profits of $1,062,000, or a total of $28,959,349 on an investment of $3,500,000, plus $1,000,000 invested later. All that was made in a period of about twenty-one years, and when we are considering the whole situation in regard to the high prices of farm implements I think this should be noted and drawn to the attention of the government.

May I also observe that these immense profits were made during a period when farm

implements were selling at comparatively low prices. In 1912, for instance, a six-foot mower, Eastern, was selling at $43.50; a six-foot binder, Eastern, $102; a six-foot hay loader, Eastern, $60; fifteen-disc seed drill, Eastern, $69. In 1937 the same machines had increased in price as follows: Six-foot mower, Eastern, $96.50; six-foot binder, Eastern, $225; six-foot hay loader, Eastern, $122; fifteen-disc seed drill, Eastern, $166. It will be noted that these priecs indicate an increase in the selling price running from 100 to 125 per cent over prices in 1912. In spite of that the farm implement companies again increased their prices on some lines of implements on November 1, 1937, the increase to take effect in 1938. Let us see how these increases compare with the prices of the commodities produced by the farmers. The index price, based on 100 in 1926, of all farm products in 1913 was 64. In 1930 it had risen to 86, and in 1937 the figure was 85. So 1937 shows a reduction of one point as compared with 1930, and an increase of thirty-three per cent over the index figure of 1913. How can the farmer stand an increase of 100 to 125 per cent in the price of farm machinery if he receives an increase of only thirty-three per cent in the price of his own products in the same given period.

The hon. member for Greenwood (Mr. Massey) said this afternoon that one of the problems facing the government was not so much to reduce the tariff on farm implements or to take other steps to reduce the price of farm implements, but rather to increase the purchasing power of the farmer. May I say at this juncture that the hon. member for Greenwood is simply suggesting that the increased buying power of the farmer should be used to enable him to buy machinery produced on a protected basis. But how can that be done? The farmer in this country has a surplus of products which has to be sold on the markets of the world and in competition with the products of other countries. Consequently, on the one hand he is compelled to sell on a world-wide competition, while on the other those on the opposite side of the house would require him to buy on a protected market the implements necessary to his production.

Let me point out that from 1930 to 1936 many farmers had to write down their invested capital, and the amount of money which was borrowed by them had also to be reduced in many instances in order to enable them to stay on their farms. Might not the manufacturer of agricultural implements be asked to write down his capital investment correspondingly during a period of crisis, or be asked at least to arrange that profits should be paid only upon the real capital investment and not upon stock issued during periods of expansion? He might be enabled thereby to reduce the price of machinery.

The hon. member for Greenwood also said that the farmers of Canada have played a noble part in the development of our country and that they will gladly pay a few dollars more to help their fellow citizens who are working men. I do not doubt that they have done so in the past; indeed I am sure they have done it, and I am quite positive they are willing to play the game again in the future, but not to give larger profits to manufacturers of implements or any other products upon an unreasonable capital set-up. Consequently, I would ask the government to take means through the tariff structure not only to bring back these companies to reason but also by suitable measures to restore and secure to the farmer the ability to obtain his implements of production at the lowest possible prices. Canada will be prosperous if its farmers are prosperous.

In concluding these very brief remarks, I take pleasure as representative of an agricultural county, in supporting the report of the hon. member for Lake Centre (Mr. Johnston), and in asking the government to take whatever steps are practicable to secure in future for the farmer his implements of production at the lowest prices possible.

Mr. WILLIAM HAYHURST (Vegreville): The debate on this subject is taking considerable time, but I feel that I should say a few words upon some of the questions which have been discussed.

As regards the remarks of the hon. member for Fort William (Mr. McIvor), some hon. members interjected that no one would sell cream at eighty cents a can. In many parts of western Canada cream has been sold at seventy-five cents a can, and eggs at five cents a dozen, so that it has been extremely difficult for the farmer to live, especially during the depression years. It is certainly true that the farmer is kept solvent not by his gross but by his net income. If the prices of farm machinery must be just and equitable, so should the prices of the farmers' production.

The speech of the Minister of Agriculture (Mr. Gardiner) was excellent in spots, and delivered with his usual force and precision. But I should like to remind him that it takes time for any policy or the benefits of that

policy to develop, and the report shows that when benefits are being obtained from a policy it frequently happens that the policy is changed or at any rate the underlying conditions are changed. Three years have now elapsed since the commencement of the agricultural investigation by the original committee; practically two years have gone by since the special committee first began to investigate the price of farm implements, and conditions have certainly changed during that time. I should like to read a little piece from the Manchester Guardian with regard to conditions on the North American continent since September, 1937:

> The severe slump in American business activity, which started in September of last year, wiped out the gains of a three-year industrial recovery within the brief period of four months Many vague reasons have been put forward to explain this unparalleled decline, but it has now become evident that it was primarily due to (a) sharply rising costs and price disparities.

These have been largely discussed in the reports given by various members of the committee.

> (b) Excessive inventories.

There is no doubt that inventories of farm implements have been increasing especially when the purchasing power of the farmers has been so low.

> (c) Labour troubles.

That applies especially to the United States. And in both countries:

> (d) Ever-increasing taxes. . . .
>
> The downward trend was temporarily checked in January, and many administration experts confidently predicted that the depression had run its course. But the lull proved short-lived, and by the beginning of February trade indices showed signs of renewed recession. Some industries, such as utilities, building, and retail trade, whose business had held up extremely well, fell back rather sharply. . . .
>
> The most serious obstacle to any recovery is to be found in the inventory situation. There is no doubt that the over-rapid piling up of inventories at the beginning of last year, as a protection against inflationary price advances and labour troubles, created a most unhealthy industrial boom, which people mistook for real prosperity. Although good progress has been made in the reduction of these excessive stocks, they are still out of line with current consumption in many industries.

The hon. member for Selkirk (Mr. Thorson) spoke at length upon the cream separator industry. I should like to touch upon this subject, because it affects so many people in my constituency. One of the most important sources of revenue for the farmers not only in Alberta but all over Canada is the cream cheque. While it may be true that large dairy farmers who are milking quite a number of cows with the intention of selling the cream after separation may not regard the price of a separator as high, many of our farmers are dependent upon a few cows, and the cost of a separator means much to them, especially when their cream cheques do not amount to more than $150 anually and, as I suggested at the beginning of my remarks, when the price of cream becomes at times so low. These farmers usually raise large families and depend upon them for assistance around their farms. The cream cheques of these farmers are too small to enable them to pay high prices for their cream separators.

There is no doubt that tariffs increase the prices of home manufactured articles, or why would the manufacturers fear the competition in the dairying industry of the Viking and other imported separators. In the investigation it was found that prices of implements frequently rise because of the increase in the cost of raw material, which may be brought about by rearmament or other factors. But it is equally evident to the committee that excessive inventories and excessive capitalization increase the prices of articles within the country. It seems to me that if the tariff were lower, Viking and other makes of separators could be delivered in this country at a reduced price. We in the west realize that the country must have revenue to carry on its development and at the same time assist in creating local markets for our products. Hon. members realize that the consumer eventually pays the duty, and that wherever the consumer lives, whether in the east or the west, he is indirectly contributing to the revenue of the government. No objection can be taken to a tariff that affords industries indigenous to Canada reasonable protection against competition from low wage countries. It is strange to hear some members of the Liberal party advocating a higher tariff and others a lower tariff. Certain provinces gain by the tariff; others lose by it. This inequality should be offset by some form of compensation for those which lose by the tariff. Canada's national tariff policy is costing the prairie provinces much more than it should, because the price increase occasioned by duties is a burden that western people find it hard to bear. It is both short-sighted and inaccurate to say that the prairie provinces have brought their present troubles on themselves by their own action, and that it is up to the west to work out its own solution. I

should like to quote from an article which I wrote myself some time ago on the national policy of Canada:

Canada is admittedly a difficult country to govern, as its geographical configuration suggests. What pleases one part of Canada frequently displeases another part. Tariffs are difficult to adjust with any degree of satisfaction all around. When the national policy was brought down in the budget of 1879 it was made abundantly clear that it was designed, as its name implies, to confer benefits upon the varied interests of the entire dominion. The government of the day denied in the strongest terms that it was intended to confer special advantages upon any one section of the country. On the contrary it was calculated to strengthen, revive and create manufacturing industries in all the provinces of the dominion, thereby establishing, it was declared, a larger home market for agricultural products in each and all of the provinces. Such were the motives and purposes of the national policy. But what do we find? To-day western Canada is suffering for want of local markets.

In pre-depression days the purchasing power of the prairie provinces contributed substantially to the industrial employment and general prosperity of eastern Canada. In fact, it was only with the development of the west that eastern Canada began to prosper. In the west there has been overemphasis in the past on wheat production. Less work is expended for the amount of returns in large scale wheat production than in any other branch of farming. Consequently, when mixed farming became general, western people took a deeper interest in the price of farm implements, such as the cream separator, used in this work. It is all very well to talk about raising the prices of farm machinery because you have to increase the wages of the employees, but when these men enjoy life through higher wages the farmers should be able to enjoy life because of the better demand and better prices for their products. So, if it is necessary to raise the price of machinery, some measure of justice should be done the farmers by raising their prices. These prices must bear some relation to costs. So long as manufacturers' prices are falling they can regard prices for their products with equanimity. Naturally manufacturers' costs do fall with the introduction of more efficient labour-saving devices. This enables them to sell at a lower price with a sufficient margin of profit, thus benefiting the consumer. Our farmers are mostly small scale producers who cannot employ large labour-saving machinery in order to reduce their costs to a minimum. Their standard of living is lowered because of these things, and they cannot purchase the machinery which the manufacturers produce.

[Mr. Hayhurst.]

It was stated by the hon. member for Macdonald (Mr. Weir) that all groups in the house had sufficient representation on the committee, especially the special committee. But I am very sorry to say that the members of the committee were not selected for their representation of agricultural areas. I should like to commend all the members of the committee for their long-suffering patience in hearing the tremendous amount of evidence submitted. But, on looking over the names of those forming the special committee, I find an unusual situation in regard to representation by provinces. We find one member from Nova Scotia, two from New Brunswick, three from Manitoba, three from Quebec, six from Ontario, seven from Saskatchewan, three from British Columbia, and none from Alberta or Prince Edward Island. Looking at the hon. member for Edmonton West (Mr. MacKinnon), if the Liberals wanted to put on the committee a Liberal from Alberta they might have chosen him. This all seems strange when we consider that Alberta is one of the largest mixed farming areas in all Canada. It seems to me that that province should have received more recognition in regard to the committee personnel.

It is well known that many Liberals advocate the raising of prices by means of tariffs, and many propose to lower prices by lowering tariffs. The choice offered to the free and enlightened elector is twixt Tweedledum and Tweedledee. In that regard I should like to read a short extract from a speech delivered in the session of 1937 by the right hon. leader of the opposition (Mr. Bennett) in regard to this question as we have observed it this afternoon, when we saw certain members of the same party sniping at each other as to what is best in the interests of the farmers in regard to tariff policy on farm implements. It is strange that after we have an expert committee investigating, and experts giving their views to this committee, we are no further advanced, because evidently they have not persuaded any hon. member whether he should vote for high or low tariffs, or whether the agricultural implement companies are dealing justly with the farmer. Speaking towards the end of last session the right hon. leader of the opposition said, as reported at page 2924 of Hansard for 1937:

In the circumstances, Mr. Speaker, in taking my seat I can only congratulate the government upon this masterly demonstration of their ability to hold under their banners troops who are marching to different objectives; who in times past marched shoulder to shoulder in a battalion to accomplish the defeat of a common enemy; and who, that victory having been won,

find it no longer pleasant to reflect upon that past, and instead of fighting shoulder to shoulder, are now fighting back to back, not for the purpose of destroying protection but for the purpose of rendering some assistance to a downtrodden country. And in the meantime the consumer who is not a member of the league can but hope some day to join it.

Every effort is made to rivet the attention of the public on tariffs, while crisis succeeds crisis and the mortgagee grips the land with ever greater tenacity. Political democracy is beginning to perceive that its very life depends upon winning economic democracy. The equitable distribution of opportunities, income and property within our nation will not only ensure internal peace and progress but, by the diminished pressure of the need for external markets for our goods and capital by reason of the increased volume of home consumption, will abate the perils of international conflict. The productivity of brains in industry and agriculture has hitherto found lucrative vent in supplying the growing needs of a rapidly increasing population, but the disastrous collapse of industry and employment since 1929 has made it evident that full recovery demands higher wages and more leisure for labour together with an expansion of public expenditure on works and services calculated to reduce the profits of capital.

I trust that something good will come out of the discussion which has taken place in the house with regard to this investigation into the prices of farm machinery, and that these prices to the farmer will be reduced to conform to the prices of the products which the farmer has to sell. Because there is no just relationship between the prices at which the farmer has to sell and the prices he has to pay for manufactured articles, a great deal of unrest has developed in Canada. That is not good for the country. A better situation can be brought about only when the farmers, who are the back-bone of the country, live in a certain state of economic independence.

Mr. G. W. McDONALD (Souris): Mr. Speaker, I have read and studied the report of the special committee appointed by the house to investigate the prices of farm implements, and I agree with the recommendations of that committee. It is quite true that the committee was composed of men inclined to be sympathetic to the best interests of farmers; but no fault should be found with that, because if the house would legislate and do more in the interests of the farmers there would not be very much wrong with the implement industry. That industry would be prosperous, because, as the farmers of this country become prosperous, there is no doubt that the number of men employed in the manufacture of implements will be very greatly increased.

Abuses creep into every business and industry as time goes by, and I am quite sure there are some in the farm implement business. For some thirty-five years I have been engaged in the retail end of that business. I do not pretend to know anything of what it costs to make an implement; but I do know something about the retail side of the business, which has to do with the cost of distribution, because in the price of all farm machinery a certain amount is allowed for agents' commission. Sometimes, when the companies find competition pretty keen, they perhaps employ too many salesmen, and in the set-up of the implement companies I think there is one weakness. They have two separate departments, a sales department and a collecting department, and the one has little or no sympathy with the other. The salesmen are instructed by the company to go out and sell as much as they can, which is a very natural thing to do. Then, in the fall of the year, if conditions happen to be bad, they put on more collectors, and those collectors are out to get every possible cent. Some of the makers of farm implements in this country are not running their own business at the present time; they find themselves in financial difficulties. To-day one of the biggest manufacturers of farm implements is in the hands of one of the great financial houses of Canada. These people know little or nothing about the troubles of the farmer, and they are going to collect every cent possible; that is their business.

I believe that in the early days of this business some of the companies did make money. I know the United States companies doing business in this country are pretty well financed; they are pretty strong and are able to stand a few years of depression. On the other hand, I believe some of the Canadian companies are not in a very good financial position. They may have made good profits in the past; there may be too much water in their set-up at present—I know nothing about that—but they are in difficulties to-day, and I am not sure that the removal of the 7½ per cent protection which they now enjoy is going to improve the situation very much or reduce the price to the farmer. I am just a little afraid that it will not do all that the house is expecting it to do. However, since abuses have crept into the industry, and since this is about the only weapon the house has available, I shall have to support the recommendation of the committee if they advise the abolition of that protection.

That is particularly true with regard to cream separators. My good friend the hon. member for Fort William (Mr. McIvor) was not in error when he said that five gallon cans of cream were sold for eighty cents. I saw them being sold for that amount, at a time when manufacturers of cream separators in this country were enjoying the very highest protection, though the farmers were getting the lowest revenue they had received in years. Such conditions cannot continue, and if this committee recommends something that appears a little drastic it is not to be wondered at.

The complaint has been made that the cost of repairs is too high. It is true that repair parts cost more than the parts which go to make the complete machine, but there is no doubt that repair parts should be somewhat higher. It takes an army of men to look after these repair parts. I think I am not exaggerating when I say that in the city of Winnipeg to-day there is between $500,000 and $1,000,000 worth of repair parts, and it costs a great deal of money to carry them. The best machine in the world is no good if it is standing broken down in a field of wheat, and there is no repair part within fifty or a hundred miles. These parts must be kept at the shops of the agents if they are to be of any service to the farmers. That costs money; it means express charges, and there must be a man on hand who knows his business. They change these machines so often that it almost requires an expert to get the right parts.

Someone has suggested that the machines should be standardized. Apply that to any other business in this country and see what you get. For example, try to apply it to ladies' wearing apparel and see how far you can go. If the machines were standardized and every company could make the same kind of wheel or boxing or gear, there would be no competition. What would be lost in quality might be saved in price, but that does not help you on a harvest day when a machine is broken down and you cannot get it to give service. It costs money to carry all the repair parts.

Someone has said that distribution charges are too high. They may be. But I wish to point out that no one knows to-day how many binders, how many threshing machines, how many tractors or how many machines of other kinds will be needed to harvest Canada's crops this year. If those crops are heavy a great deal of machinery will be required. That stuff cannot be made in July and August; if we wait until that time it will be too late. The warehouses must be filled with goods ahead of time. The machinery must be placed at strategic points throughout the country if it is going to be of any use to save the crops which it is hoped we will harvest, in view of sufficient moisture in the western provinces.

In 1915 I was in the implement business, and as part of my business I supplied binder twine. I do not know where the crop of that year came from. I thought it was a short one, but I do know that we sold more twine in that year than we had sold in any year before. We could not get the twine in Canada. I was agent for the International Harvester Company. I would telephone our office at Brandon, and every second day the express car on the train of the Great Northern, which ran through Boissevain to Brandon, would bring us 10,000 pounds of twine. Had it not been for that supply we would not have harvested the crops. There was at the time no company in Canada which could supply the twine in sufficient quantities. We happened to be on a branch line where we had good service with St. Paul and Minneapolis, and we succeeded in getting our twine every second night.

As I have said before, no one knows what the crop in Canada this year will be. If we are to harvest it and save it, we must have machinery stored at certain points where the harvest is likely to be heavy. It costs money to do that. I have made these statements in favour of the implement companies. Possibly, if the committee had sat down with the different farm implement manufacturers and asked them about their problems, some better arrangement might have been reached.

In 1931, when I saw the price of farm produce going down to a point where I knew the farmer could not pay high prices for farm implements, I wrote the International Harvester Company and the John Deere Company, for which I acted as agent, and pointed out that if they wished to keep the good will of the farmer the best thing for them to do was to reduce their prices by at least 25 per cent. I gave as a reason that the farmer would not be able to buy unless a big cut was made in the price of implements. He was not receiving prices which would permit him to pay high prices. However, they both wrote the same kind of reply in which they stated that they were confronted with the high price of labour and materials in the implements they had to sell.

I know it would not be wise to accept and I know that no manufacturing company would accept, as a long term policy, one which stipulated that it should sell goods below

cost of production. But I must point out to the house that the crop harvested in 1930 cost just as much to grow as crops for which the farmers received $1.25, $1.50 or $1.75 a bushel. For the 1930 and later crop they had to take a dollar, seventy-five cents and sometimes as low as twenty-five cents a bushel at points where freight rates were high. As is pointed out in the report, in order to retain the good will of the farmer I believe the manufacturers of farm implements should not have advanced their prices.

May I point out, however, that manufacturers of farm implements are not the only big business men who have made mistakes. The pulp and paper industry of Canada is suffering to-day because it got into the hands of big financiers, with a resulting over-production. Our flour milling industry is able to produce three or four times as much flour as it can sell. If any Canadian industry becomes prosperous, the financial interests are only too quick to get hold of it. They buy at the most reasonable prices, turn around and sell to the country at twice the price, and then slip out of business. That has been done in many instances. It may have been done in the past with the farm implement business; I think it was, to some extent.

There are certain factors which enter into costs. The statement has been made that the implement manufacturers are not making better machines to-day than they did some years ago. I say that is not so. The farm implement people to-day have made just as much progress in the perfection of their products as have the automobile manufacturers. We know the advances which have been made in the automotive industry, and I know we have better implements to-day than we ever had. The people who make farm implements are really the farmers' best friends, except that, like everybody else, they may be selfish in that they would like to see the farmer prosperous because they know, when he is prosperous, they will prosper with him.

I believe the committee is within its rights in recommending that the makers of farm implements should take into consideration the fact that the farmer is their only customer, and a time when he is not making money is not the proper time for them to advance prices. They should be willing to take their losses along with the farmers; no doubt some of them have done so.

If I understood the hon. member for Greenwood correctly, I understood him to say that in the new finance plan the makers of farm implements were charging only two per cent per annum.

Mr. MASSEY: I said six per cent, and then one-quarter of one per cent for three months, which is two per cent per annum, making a total of eight per cent.

Mr. McDONALD (Souris): In the west it is seven per cent. In addition to that, on an eight-foot binder there is a penalty charge of $11. If a farmer buys a binder on the 1st of August he has to pay for it on October 1. In the meantime he has to pay forty per cent for it when he gets it; there is a penalty charge of $11, plus a seven per cent per annum charge. I can see quite plainly where the makers of farm implements have overcome the hardships of the Farmers' Creditors Arrangement Act. When a man buys a machine to-day, a price, which is not the cash price, is set. There is a penalty included in it. If he desires credit for one month, three months, twelve months or two years, he must pay the interest for that period as computed, and add it in the note. It becomes part of the principal of the note, and in that way when these companies appear before a board of review, or when a farmer seeks to take protection under the Farmers' Creditors Arrangement Act, they are not going to have their interest cut off, as it has been in the past.

No matter what we do in this house, these men will try to protect themselves. That is only human nature; we would all do it if we had the chance. I am not speaking for the makers of farm implements, because I know nothing about their business. I do know, however, that they perform a good service for the farmers, and I should like to see the farmers and the manufacturers of implements working in harmony. I will support any measure the house may see fit to suggest to protect the interests of the farmers, because in Canada I believe their interests must come first.

Mr. D. G. ROSS (St. Paul's): Mr. Speaker, in what I have to say I do not wish to be unfair to the farming community, or to have anything I may say interpreted as being unfair. I fully appreciate the need for the price of farm implements being as low as possible. I think the farmer would be the last person to wish to sacrifice the welfare of the industrial worker.

On March 2, 1936, a resolution was passed in these words:

> That in the opinion of this house an immediate inquiry should be made by the standing committee on agriculture and colonization into the causes underlying the high price of farm implements, with particular reference to the advance in prices for the year 1936.

The duty of the committee was to make a report in the interests of all the people of Canada. They were not to report on this matter only as to the interests of one class. In spite of all that has been said from time to time, the home market is the most valuable market to the farmer. Every endeavour should be made to encourage and increase it. Industrial workers at work create the most important part of the home market. If we increase this market, the cost of distribution will be lowered, the value of farm products will be increased due to the increased demand, the farmer will make more money and the industrial worker will be able to pay the farmer a fair price.

To my mind the recommendations and conclusions of the committee excite the political imagination of the farmer. To a large extent they have not been based upon the evidence submitted. These recommendations and conclusions were not arrived at in the interest of all the people of Canada. This report has had the effect of prejudicing the interests of the farmer in the mind of the industrial worker. It is so obviously one-sided and unfair and if adopted, will have a far-reaching, prejudicial effect upon the people of Canada. Some of the speeches made in the house by certain hon. members during this debate have had the effect of inflaming the minds of the farmers against the industrial worker. Fairness should be exercised and the evidence understood to a greater degree. The present day problems of industry should be better appreciated by the farmers, just as industry should appreciate the difficulties of the farmer.

A report such as this has the effect of creating an impression of unfair treatment in the minds of those engaged in industry. It is so obviously one-sided; it is so plain that it is not complete. The prejudices and antagonisms created against the farmer by this report extend to the workers in all industry, not only to those in the agricultural implement industry. All secondary industry appreciates fully the injustice it has suffered and the false position in which it has been put. Such a report is not even in the interests of the farmer and I protest on his behalf. There are 12,000 workers employed in the agricultural implement industry in Canada and there should be many thousands more. There are more than 12,000 workers employed in producing the raw and fabricated materials entering into the finished product. I protest on behalf of all of those engaged in the industry.

A report such as this gives an entirely wrong impression to the farmer. In times such as these we should do everything to ensure that causes of sectional discord are not created. The first requisite of a report of this kind should be fairness. Let us examine a few of the conclusions in the report. Time will not permit me to consider them all, but I should like to comment on a few. The first conclusion and recommendation of the committee states:

> That the prosperity of the farm implement industry is directly dependent on the prosperity of agriculture.

That is true. Is it not also true that to no small degree the prosperity of agriculture is dependent upon the prosperity of those engaged in the agricultural implement industry in Canada? Efforts should be made to increase the numbers of those employed in the industry. In all fairness why was that not stated in the report? The second conclusion and recommendation reads:

> That, during the recent depression, a backlog of requirements estimated at $200,000,000 has accumulated and will have to be satisfied by the implement companies during the next few years, together with normal annual requirements of agriculture, estimated at $51,700,000.

The figure of $200,000,000 is a matter of conjecture, while I have no doubt that the figure of $51,700,000, representing the annual requirements of the farmers, is a little high. The bureau of statistics places the average annual purchases of farmers during the last sixteen years at around $41,000,000. What a wonderful opportunity there is for the future of this industry if it is given a chance! What an opportunity there will be to decrease costs through increased production! What a wonderful opportunity there will be for the employment of workers! What an opportunity there will be to provide work for the rising generation, the youth of our country! If the above figures are true, there will be possibly $30,000,000 every year to be paid out in wages. I have no reason to believe that the figures are not absolutely so. How much less need there would be for public works for relief! The policy of the government would take advantage of this improvement in industry. What a home market for the farmer would be created! What a decrease there would be in government grants in aid for relief. Yet in the next conclusion no mention is made of the advantage of this prospective work for the workers in this country. The report simply states a fact with respect to the farmer; it does not give all the facts, nor does it suggest how important this might be

to the rest of the workers, and what an increased market would be created for the farmer. The third conclusion and recommendation states:

That, as a result, the price level of farm implements during the next few years is of the greatest importance to agriculture.

In all fairness they should have added:

That the utilization as far as possible of Canadian labour for the satisfying of these requirements would be of tremendous benefit to the farmer by increasing the ability of the industrial worker to consume farm products, and that a lower price level could be obtained by increasing the production of farm implements in Canadian factories by Canadian labour.

No. 15 reads:

That the interest of the farm implement industry and of labour engaged therein is best served by a full recognition of the fact that the prosperity of the industry and the increased and more permanent employment of labour depend on the relative and actual prosperity of the farmer and that all will benefit by lower retail prices, thus encouraging the manufacture and sale of farm implements.

These benefits will not accrue unless the implements are Canadian made. Again they should have said:

That the prosperity of the industry and the increased and more permanent employment of Canadian labour depend on the relative and actual prosperity of the farmer and that all will benefit from the sale of Canadian made farm implements, therefore there should be an endeavour made to increase the employment of Canadian workmen by the purchase by the farmer of Canadian made implements.

In No. 17, the committee states:

That reduction in the tariff should and does, in the long run, tend to lower the price level to the farmer, depending on the extent of free price competition in the industry.

That is not generally so, and the fact is that after the tariff was reduced in 1936 the prices of farm implements increased. The manufacturers did not increase the price when an increase in tariff was granted some years ago. The manufacturers did agree not to increase the price of implements if an adequate tariff were granted them. Realizing that an increased market would tend to reduce the cost to the farmer, it would have been fairer for the committee to have said:

The deduction in tariff does not in the long run tend to lower the price level and militates against the Canadian worker in industry, and that the best interests of all concerned, including a reduction in price levels to the farmer, would be best served by maintaining an even tariff which would increase employment in the industry and also increase Canadian competition.

In Nos. 19 and 20 the committee makes certain recommendations with respect to the Customs Act and regulations of the Department of National Revenue. In all fairness they should have added a clause to this effect:

The customs tariff should be regulated to prevent any unfair competition to Canadian workmen, thereby increasing the wage return to industrial workers which in turn would increase the consumption by them of agricultural products, to the benefit of the farmer and the whole community.

In No. 25 the committee state:

That in order to assist the farm implement companies to satisfy the requirements of agriculture in the matter of farm implements in the next few years, the committee is of the opinion that the duty on materials entering into the manufacture of farm implements should be removed or that the farm implement companies should be granted a drawback of any duties paid on materials entering into the manufacture of farm implements.

I do not think the committee realized the far-reaching effect which such a course of action would have upon employment in Canadian industry. There would be disadvantages which, from a national point of view, would in all probability outbalance any small advantage in price which would ensue. If they had realized this, they would, in all fairness to the people of Canada have stated instead that the duty on materials entering into the manufacture of farm implements with respect to those materials which can be produced by Canadian workmen should not be subjected to a drawback of duties, thereby encouraging the production of those materials and increasing the number of workers in such production, but that drawbacks should be allowed on those materials only which cannot be produced in Canada by Canadian workmen.

In conclusion No. 33 the committee stated:

The committee is of the opinion that the cost of distribution of farm implements is unnecessarily high and constitutes an important factor in the price to the consumer.

And in conclusion No. 34 the committee finds:

That the companies themselves should make every effort to reduce these costs, or farmers should be encouraged to organize for the cooperative distribution and servicing of farm implements.

The Canadian companies, on account of the reduction of tariffs, have had to increase their sales force in order to retain their business against new United States competition.

The committee should have added:

The cost of distribution and servicing in the agricultural implement business will be reduced by increased Canadian production and co-operation by the farmer in purchasing Canadian implements so far as possible.

These are only some of the conclusions and recommendations, Mr. Speaker, which should have been included in the report of the committee.

The impression seems to be abroad that there is a monopoly in the agricultural implement business in Canada. There was not before the tariffs were reduced. Then the increasing demand, and consequent increased production of Canadian implements was on the way to decrease the cost of production and distribution, and would have lowered the price to the farmer. The reduction in tariffs has taken away a large part of the market from the Canadian manufacturer; it has increased his overhead and distribution costs, and increased the price of implements in this country. This has placed the buyer in the clutches of the great United States industry—and this may be a great monopoly. The government of Canada has no control over this monopoly, whereas it had control over the Canadian industry. This reduction of tariffs has had no beneficial effect on either the industry or the consumer. It allows this monopoly to charge all that the traffic will bear and to cut-throat the Canadian industry when necessary.

With regard to the speech of the Minister of Agriculture (Mr. Gardiner) on the 29th of April last, I quote from Hansard at page 2422:

Mr. Gardiner: I have been operating binders since 1901, and this machine does the job just about as efficiently as the binder he is using in 1938—

That was in reply to a suggestion from an hon. member.

—and in most cases it lasted longer.

I should like to ask the minister how he knows that the 1938 binder will not last longer than the 1901 binder. In the first place, I would point out that nobody is in a position to judge how long the 1938 binder will last. An impartial committee of agricultural engineers, however, stated that the binder contained an increased quality value of 70 per cent over the 1910-1914 machines. This is just one of the misleading statements of the minister.

I should like to state, however, that regardless of these facts the farmers of Canada insist upon having machines with the latest modern devices, because they recognize their value, and it would be absolutely impossible to-day to supply a binder similar to that built in 1901 or even in 1931 and stay in business at all. It is interesting here to note that in 1938 one of the principal Canadian companies is offering binders of the 1937 model at lower prices than those of 1938, and yet they are finding it more difficult to sell these cheaper 1937 models than the more up to date and more expensive 1938 models. The 1901 machine cannot be compared with that of 1938, with any satisfaction at all.

As reported at page 2424 of Hansard the minister stated:

I repeat again that I have found the implement—

Presumably the 1913 implement.

—served the purpose just as well in the preceding years as it serves the purpose at the present time.

This opinion is not borne out by the facts, as could be proven to the satisfaction of anyone who would compare the 1913 line of implements with the 1937 line. I assert again that it would be impossible for any company, whatever its organization, to sell a 1913 line of implements to the farmers of Canada in competition with those built to-day. I am informed that to all those acquainted with these matters it is a well known fact that the up-to-date farm implements used to-day require far fewer spare parts than those of days gone by, and that their work is not subject to the enormous break-downs which existed in those earlier days, a condition which is brought about through more careful manufacture, through the use of high-grade materials, through the enclosing of running parts in oil baths, and so forth.

The reference made by the minister at page 2429 of Hansard to the numbers employed in the manufacturing plants as being 4,159 men is not accurate. The industry as a whole should be considered, and while it alone provides a livelihood for persons gainfully employed in Canada, totalling nearly 12,000—not 4,159—it must also be remembered that raw and partly fabricated purchased materials used in implements provide employment in this country for as many more, so that the industry as a whole would provide employment for a whole community of more than 25,000 workers. The minister loses sight of the contribution made to Canada by one company. In the ten years, 1926 to 1935, $107,627,026 was spent in materials, wages, expenses, freight, duties, taxes, and so forth, by one company. The various governments in the dominion received revenues by means of duties, taxes, and so on, of $2,943,534.

Sales in Canada for the period were $78,663,000; therefore $28,974,000 more was spent in Canada than was received from the farmers in Canada. There was $1.37 disbursed for every dollar received in this country. Remarks such as have been made do not reflect that credit is given to that company for its

contribution to Canada through the development of export trade, which brings home moneys for the benefit of the Canadian people. The effect has been to distribute profits from the export trade to the Canadian people as a whole.

I come now to a statement showing the expenditure of the average industrial family on Canadian farm products, which amounts to $409.35 a year, and with the permission of the house I should like to place this on Hansard:

Estimated Expenditure on Staple Canadian Farm Products by Average Implement Industry Employee (Head of Family)

	Quantities†		Cost*	
	Per week	Per year	Per year	
Animal and animal products				
Beef (different grades)	4 lbs.	208 lbs.	$40.25	
Veal	1 lb.	52 lbs.	7.75	
Mutton	1 lb.	52 lbs.	12.02	
Pork (leg and salt)	3 lbs.	156 lbs.	33.02	
Bacon (breakfast)	1 lb.	52 lbs.	16.43	
Lard (pure)	2 lbs.	104 lbs.	17.58	
Poultry and dairy products				
Eggs (fresh and storage)	2 doz.	104 doz.	41.65	
Butter (dairy and creamery)	3 lbs.	156 lbs.	49.55	
Cheese (old and new)	2 lbs.	104 lbs.	24.13	
Milk	6 qts.	312 qts.	34.32	
"Prairie" products				
Bread	15 lbs.	780 lbs.	57.04	$95.78
Flour (family)	10 lbs.	520 lbs.	23.40	
Rolled oats	5 lbs.	260 lbs.	15.34	
"Truck" products				
Beans (hand-picked)	2 lbs.	104 lbs.	6.14	
Apples (evaporated)	1 lb.	52 lbs.	8.27	
Potatoes	30 lbs.	1,560 lbs.	16.48	
Prunes	1 lb.	52 lbs.	5.98	
Estimated total expenditure per year by average employee in implement industry			$409.35	

*Basis—Average prices for December, 1937 (Labour Gazette).
†Labour Gazette—Not intended to show quantity requirements (but considered fair).

In these days, when many foreign markets are closing their doors against our agricultural products, is it not to the undoubted advantage of every Canadian farmer to keep alive an industry which employs thousands upon thousands of men, each one of whom is an important and permanent consumer of his products?

As reported on page 2427 of Hansard the minister stated:

> It may be necessary to find ways and means of preventing the industry from so organizing as to drain the last dollar of our basic industry to pay for a business set-up—

And so forth. This certainly does not appear to be the case in so far as the implement industry is concerned. In the first place, one would be inclined to infer that the purchase of implements was a major portion of the farmer's total expenditure, whereas in reality it varies from three to six cents out of every farmer's dollar. The minister goes on to say that the cost ought to come down if agriculture is to continue to be practised in that part of Canada which depends upon machinery for its continuance. I wish to draw the attention of the house to the fact that that modern equipment has enabled the farmer to reduce the cost of preparing the seed bed, seeding, harvesting and threshing by nine cents per bushel, whereas the increased costs of implements since 1929 represents less than one cent per bushel. It would seem evident that if agriculture is to continue to be practised, as the minister says, the solution lies along the more common use of up-to-date, modern equipment.

There are many more statements in the speech which call for denial as incorrect, but time will not permit me. There are many inaccuracies, which have been pointed out so ably by the hon. member for Greenwood (Mr. Massey).

There have been many arguments advanced for the reduction of the tariff on agricultural implements, and a great many arguments against the reduction. The fact has not been refuted by any hon. member that farmers in Canada buy their implements at a lower price than that paid by farmers in any other part of the world. Prices have increased since this reduction of duty took place. The duty on farm implements coming

into this country is negligible and amounts to about 7½ per cent, while the duty on farm products is, as a general rule, much higher. The duties on the following farm products are:

Eggs, 10 cents per dozen and 3 per cent over 50 per cent.
Vegetables, 15 per cent, plus 3 per cent over 18 per cent.
Fruit, 15 per cent, plus 3 per cent over 18 per cent.
Cheese, 7 cents, plus 3 per cent over 45 per cent.
Milk and cream, 22½ cents plus 3 per cent over 26 per cent.
Wheat, 12 cents, plus 3 per cent over 10 per cent.
Barley, 22½ cents, plus 3 per cent over 35 per cent.
Oats, 9 cents, plus 3 per cent over 18 per cent.
Beef, 6 cents, plus 3 per cent over 60 per cent.
Mutton, 6 cents, plus 3 per cent over 60 per cent.
Lamb, 6 cents plus three per cent over 60 per cent.
Pork, 2½ cents, plus 3 per cent over 20 per cent.
Cattle, 2 cents.
Sheep, $2 per head.

As regards agricultural products, I do not quarrel with the farmer with respect to the duty it has been found necessary to impose for his protection on agricultural products. In the election of 1935 some candidates made a political football of agricultural implement prices. They promised their constituents that they would reduce the duty on implements, leaving the implication that as a result there would be a widespread reduction in price. Now the minister has to make good, in view of the pending election in Saskatchewan. For years past the same implication has been made, that a reduction in the tariffs on farm implements would reduce the price to the farmer. During the session of 1936 the committee on the price of agricultural implements investigated, and continued its work in 1937. No doubt, the discussion which took place and the evidence received and debated were good for the souls of the members of this committee. The conclusions of the committee are extremely interesting. Learning of the committee's conclusions, no doubt their constituents feel that a real effort has been made by their members to have the tariffs reduced on agricultural implements and that they would soon have reduced prices—implements practically free. The executives of these industries were placed under a strain due to apprehensions with respect to tariffs; the life of their industry was at stake, and they were no doubt wondering just how much more kicking around the old football would stand.

Reams of evidence were taken; thousands upon thousands of dollars were expended, not only in the taking of the evidence but by the companies involved in the giving of the evidence, and hours and days of time were spent in the investigation, while, strange as it may seem, during the greater part of the time that the investigation was taking place, the price of farm implements was actually lower in Canada than in any other country in the world. And yet we talk about the foolishness of looking for the pot of gold at the end of the rainbow. I think the pot of gold was political. I suppose this investigation had to come as a result of promises made to the farmer electorate. The agricultural implement industry has been a political football for years.

A lowering of the cost of agricultural implements to the farmers can be accomplished by lowering the wages of the industrial worker, and I protest with all the strength I have against any such action being taken.

What effect has the kicking around of the political football, the manufacture of agricultural implements, had on the industry? It has reduced a tariff which was all too low to begin with; it has set up barriers with respect to class, worker against farmer, capital against labour, farmer against capital. It has not reduced the price of implements. It has made the industrial worker, industrial shareholder and those in charge who have to guide the destinies of these concerns, so disgusted at the unfairness of a political investigation as to want to pull up their stakes and move out of the country, and thousands of our best workers have had to move out. It has increased the imports of agricultural implements. For the twelve months ended January 31, 1936, the imports amounted to $5,190,351. By January, 1937, they had increased to $9,152,522 for the twelve months. By January 31, 1938, imports had increased to $16,967,900 for the twelve months.

The labour content of these imports was lost to the workmen of Canada, not only workmen in these manufacturing plants but Canadian workmen in other Canadian manufacturing plants producing material for these plants. And this is not all; the labour of farmers and of other Canadian workmen producing Canadian articles for the consumption of these workmen in the implement manufacturing plants was not needed. It is estimated that in the production of agricultural machinery from the iron in the ground or the wood on the tree to the finished product, the labour cost is over 85 per cent of the total value.

The loss to Canadian workmen by the importation, in the year 1937 alone, of agricultural machinery valued at almost $17,000,000 if this machinery had been produced

in Canada, would amount to over $14,000,000 in wages. A further foreign obligation was created by the purchase. Customs duties on inadequate tariffs were collected to be spent on relief. Canada might have taken 10,000 workmen and their families, or thirty or forty thousand people, off the relief rolls. Wealth might have been created instead of throwing this money out of the window. The morale of the workman and his family might have been maintained. Instead of something being done by the government in this regard, the government proposes to spend millions under a bill for public works relief, collecting duties on imported goods and spending it on relief.

As to price, the more Canadian production, the more competition and the cheaper the product. The industry had great hopes that the searching inquiry might have brought about a clearer understanding and closer co-operation with the farmer. It has been disappointed. The best regulator of prices is competition. No one can say that a volume of business of $17,000,000 is not real competition. Make the protection protect the manufacturer in Canada, and this competition and our laws will take care of the price. We have set up machinery, namely, the tariff board, for the investigation of various industries. Confidence has been established between industry, workers, executives and the tariff board. Information which industry considers confidential is so treated by the tariff board. The only way by which we can have conciliation, confidence and trust between government and industry, and, most important of all, industrial workers, and increased continuity of employment in industry, is by utilizing the expert machinery of the tariff board in conjunction with the experts of the bureau of statistics.

I maintain that the agricultural implement industry must be relieved of being made a political football. This football has had the stuffing kicked out of it; it has been kicked from pillar to post, and if we do not watch out it will burst, just like any other old football. These inquiries into prices which we have been having cannot but add to the cost of the articles produced. Anyone with common sense knows that a reduction in the selling price of any manufactured article can take place only by a change for the better with respect to certain principal factors entering into the cost. These factors are: A reduction of wages; increased production; reduction of overhead; improved methods; factory economy; improved equipment; reduction of service and distribution costs; reduction of taxation; reduction of the prices of raw material, and reduction of profits. The justification for all these items which enter into the selling price of the product can easily be determined by the permanent experts of the Dominion of Canada. The fair price of these articles cannot be determined by what the farmer thinks he can afford to pay for them, or by what his representative in parliament tells him he should have to pay for them; it must be determined by the actual cost, which is made up of these items.

The only hope for prosperity for the farmer is from demand for his goods. He must not forget that the greater part of the demand for his goods comes from having prosperous industrial workers in his own country, in the home market. If he consumes as much as he can of the goods which can be manufactured in Canada, he will not only increase the demand for his own product but be helping to create a future demand for the labour of those boys of his who cannot or do not wish to stay on the farm.

The hon. member for Selkirk (Mr. Thorson) stated that the farmers of Canada generally expect this recommendation to be carried out. I do not think that statement is true. I have a high opinion of the farmers of Canada, but they are being misled. The political football is the trouble. It is my opinion that if they thoroughly understood the facts as to the present condition of the implement industry, they would not expect this recommendation to be carried out. Again, the hon. member urges that this course would be in the interests of agriculture and of the whole of Canada. In my opinion it is not in the interest of the industrial worker who works, or who has invested his savings, in the industry, or the farmer who has invested his savings in the industry. Neither is it in the interests of the farmer. The industrial worker is just as much a factor in the production of farm produce as the farmer. His efficiency is just as important as that of the farmer. Certainly the industrial worker in agricultural machinery is as important as is the highly mechanized farmer in the production of coarse grain.

The investigation promised to the farmer has been carried out. What about the promise to the industrial worker that he should have a square deal; that the investigation of tariffs with regard to him would be kept out of politics? The promise of this government was to refer all these questions to the tariff board. Why was the question of tariffs on agricultural implements not referred to that body? I submit the reason was to serve the political expediency of this government. However, now that the report has been made; now that the inflammatory speech of the min-

ister has served the purpose of the approaching election in the west; now that it has been broadcast through the prairies, perhaps the government will be fair enough, before taking further action, to refer the report to the tariff board. I deprecate the fact that a minister of the crown should so distort the evidence as to leave in the mind of the public the impression that the farmer is a victim being bled to death by the octopus and its thousands of suckers and the horde of eastern industrial workers. His speech was timed for the election in Saskatchewan. It certainly was not for the good of Canada as a whole. Political oppression in this business has not helped either the buyer or the seller. As the evidence shows, the lot of the companies, and consequently of the workers, has not been a happy one. The minister may be a good farmer; but his speech shows either that he is not qualified to analyse the statistics and evidence in a business investigation of the implement industry, or that he is only willing to do so from a political standpoint. The industry is not rotten to the core, as he tried to make it appear. How can we have a united Canada when a minister of the crown uses his office to play to the west in a narrow, partisan spirit, setting it against the east? Speaking for the Liberal party, the minister said, as reported at page 2429 of Hansard:

> The Liberal party with its policies is the friend of industry in Canada. . . .

I ask industry to examine the policies as enunciated in the report and the minister's inflammatory speech, which constitutes an attack not only on the implement worker but on all industrial workers. Liberal policies are putting more workers on relief to-day, and will keep them there, at no benefit to the farmer, but to his detriment. The report and the speech do not indicate any great friendship to industry in this country or to the industrial worker.

Just before recess the hon. member for Huron North (Mr. Deachman) said that the industrial worker between 1931 and 1935 received his share; that the entire burden of the depression was borne by the farmer. This is quite untrue, as everyone knows. The industrial workers bore their full share of the depression, and more. The farmer could always get something to eat, but a great many industrial workers sometimes could not. He also said that the workers and manufacturers together said, "We will keep our share and the farmer can take his chances so far as we are concerned. The farmers cannot trust them, and the best way to control the situation is to remove the privilege which the manufacturers hold and let them meet open competition, just as the farmers in the dominion have to meet it." But I want to say that the industrial worker just wants a fair chance, which the country is able to give. I have pointed out that privileges, as the hon. member calls them, have been extended to the farmers by way of protection, and the industrial workers are glad to see that they have it.

Mr. DEPUTY SPEAKER: I regret to have to interrupt the hon. member, but his time has expired.

Mr. ROSS (St. Paul's): I have only a very little more to say.

Some hon. MEMBERS: Go ahead.

Mr. ROSS (St. Paul's): The farmers have also had other privileges with respect to their products extended to them by empire and foreign countries under the trade treaties. That is as far as this country can go in that regard. It is not the fault of the industrial workers if the world price of certain farm products is too low. Some other method of assistance is necessary with respect to this problem. The dog in the manger attitude of suggesting taking away the livelihood of industrial workers because the farming community is in difficulties does not make for national unity, and it is a pity that such sentiments should be expressed. The prosperity of this country depends to an equal, if not greater, degree upon the prosperity of the secondary producer, the worker in the secondary industry, and upon team work between the primary and the secondary producer. We cannot have unity by attacking one section of the community, and in this case the attack is on the industrial worker.

In a spirit of all fairness I urge that this parliament recommend that this report be referred, lock, stock and barrel, to the tariff board in an effort to free industry and the workers in industry once and for all from political persecution.

Mr. HUGHES CLEAVER (Halton): I should like to take this opportunity, Mr. Speaker, to advance as fairly as possible the attitude of the farmers of my constituency with respect to this question, but before discussing that point I should like to answer one or two arguments which have been advanced by those opposed to the report.

A determined effort has been made to minimize the importance of this problem. I realize perfectly well that no farmer would be misled by any of the fallacious arguments that have been advanced in the house, but in order that hon. members who are not farmers might have a true picture of the

problem I should like to place on record some of the figures and evidence given before the committee. In advancing the argument that "Oh, well, the problem does not amount to anything anyway; it is a trivial matter," one hon. member went so far as to quote from an article which appeared three years ago in the Nor'West Farmer, stating that less than three per cent of the money spent by the farmer is spent on agricultural implements. If that hon. member had taken the trouble to read the evidence given before the committee, he would have found that the article in question was absolutely in error. In connection with one item the article was just over $200,000,000 in error. Anyone who has followed the proceedings of that committee could not be misled by such a quotation. It seems to me, however, a matter of great regret that an unreliable article, containing an unreliable conclusion such as this, should find its way into Hansard.

What are the actual figures? By referring to page 1215 of the proceedings of the special committee it will be found that according to the last census the farmers of this country had something over $650,000,000 of their hard earned money invested in farm machinery. Since there are just over 700,000 farmers in Canada, this means that the average investment in farm machinery per farmer across the dominion is between $800 and $900. It is a well known fact that farm machinery requires replacement much oftener than anything else in which the farmer invests his money. His house, his barn, his fences are much more lasting than his farm machinery. I think it is quite fair and within reason to suggest that farm machinery must be replaced at least twice as often as any other permanent equipment in which the farmer invests his money. If that conclusion is correct, it means that the actual investment of the farmer in machinery is closer to 24 per cent, or, in other words, nearly one-quarter of his total capital investment. That being so, this is no small problem to our farmers.

I must apologize for bringing this matter up again, but I think it is important. The hon. member for Haldimand (Mr. Senn) to some extent discounted its importance, but I do not agree with that. During the years of the depression, from 1930 onward, the farmers of this country were unable to buy the implements they required, or even pay for the repairs which were necessary. As a result, a deficiency or a backlog, as it has been termed, which is conservatively estimated at $200,000,000, has been built up during the years. If one considers also the fact that the normal purchases of farm machinery by Canadian farmers amount to $50,000,000 annually, one will see that during the next five years, if the condition of the farmers continues to improve, they will be buying close to $500,000,000 worth of farm machinery. Is it not an important problem to them in connection with what they must pay for that machinery?

The next argument advanced was that we are persecuting the manufacturers of farm machinery by holding an inquiry such as the one recently concluded. Personally I do not understand such an attitude. Here we have an industry subsidized by parliament to the extent of more than the total wage content of the goods they are producing; yet it is suggested that we are persecuting these companies if we ask for an accounting, if we ask what they are doing with the subsidy, the protection or the benefit we are giving to them. I submit that an inquiry such as this is not persecution, but that it should take place periodically in regard to all subsidized industries in Canada.

Mr. FRASER: Would the hon. member agree to a similar inquiry into his jam manufacturers and the canners?

Mr. CLEAVER: I have a great personal regard for the hon. member for Northumberland (Mr. Fraser), and I am quite prepared to debate with him any other problem which may come before the house. But I have a message which I wish to deliver on behalf of my constituents in regard to the question now before the house, and I must say that I decline to be side-tracked.

The farmers in my constituency have often reminded me, and if I read my history aright I believe it to be true, that the whole theory of protecting and subsidizing industries in this country was introduced and given to the Canadian people on the theory that infant industries required subsidies in order to become established in their early days. A great many of the farmers in my county are commencing to wonder when this lusty child is really going to grow up.

By referring to the report one finds that with respect to the industry in Canada 75 per cent of the business in connection with selling farm machinery is done by four large companies. The International Harvester Company do 33 per cent of the business; the Massey-Harris Company, 19·2 per cent; Deere and Company, 12·2 per cent, and the Cockshutt Plow Company Limited and Frost and Wood, 11·6 per cent. In other words, these four large companies are doing 75 per cent of the total business.

I should like to place on record as fairly as possible some figures showing the profits of these companies through the years. Time would not permit me to show the financial statements of profits of all of them, so for the purpose I have chosen the largest company, namely the International Harvester Company. Referring to the proceedings of the committee one finds that the International Harvester Company of Canada was incorporated in 1903, with an authorized paid up capital of $1,000,000, which was held by the United States parent company. What profits did that company make during the first ten years of its operations? On a capitalization of $1,000,000 the company made profits totalling $3,500,000, or an average annual profit during the whole of the ten years of 35 per cent. I do not need to make any comment as to whether or not that profit is a fair and reasonable one. The facts speak for themselves.

Then, during the next seven year period, from 1913 to 1919 inclusive, the company earned profits of 7·2 millions of dollars, or an average annual profit over the whole period of 18 per cent. Hon. members wishing to have those figures before them will find them at page 1224 of the report of the committee. It is obvious that a state of affairs whereby there was an average profit of 35 per cent in the first ten years and an average of 18 per cent in the next seven years could not be permitted to continue. The companies would either have to reduce the selling price of their goods or increase their capitalization, in order to conceal the profits. What did this company do?

We find that in 1917 the practice of the company of making temporary borrowings during its heavy financing season was discontinued, and instead the capitalization of the company was increased not once or twice, but ten times. The following year, in 1918, the capitalization was again increased from $10,000,000 to $15,000,000. Notwithstanding these heavy increases in capitalization, the average yearly net profits over the whole period from 1913 to 1919 again held at 18 per cent. Once again no comment from me is necessary as to the fairness or adequacy of those profits.

For the period between 1920 and 1925 the company ran into rather serious times, and profits were materially reduced. The auditor for the committee stated that during this period a dividend of $3,000,000 was paid in 1921, and that in addition to this there was a definite retention of profits in the United States of America by the parent company estimated at over $4,000,000. There is some difference of opinion as to the actual profits earned for this period, but it would appear to be in the neighbourhood of five per cent.

Coming to the last period taken up by the committee, namely, that between 1926 and 1935, admitted profits were earned of $24,500,000 by the one company, operating in Canada. In addition to this the auditors for the committee stated there was a retention of profits by the parent company amounting to approximately $17,000,000, making a total profit, for the period 1926 to 1935, of $41,500,000. I omitted to state that during the latter years the capitalization of the company was again increased, and in 1935 it stood at approximately $27,000,000. Imagine the capitalization of one company at $27,000,000, and it still being an infant company asking for protection! The company claimed that added to this capitalization there should be about $12,000,000 for machines produced in the United States plant and simply distributed by the Canadian company. To me it would make very little difference as to whether we considered the increased capitalization, plus the retained profits, or whether we disregarded both. But in order to be fair to the company I have added both of these to my computation.

If I read the statement correctly, the result is that the total profit earned in Canada by this one company, over the ten year period above referred to, from 1926 to 1935, would be $41,500,000. If we compute this on a capitalization claimed by the company, it shows a net profit over the period of just over ten per cent. On the other hand, if you wish to disregard entirely the profits retained by the parent company—and I urge that these should not be disregarded—the profits of the International Harvester Company in Canada over the last ten year period, ending in 1935, was 7·7 per cent. Did any farmer make any such profit during that period?

There is another matter I should like to discuss which I suggest shows conclusively the truth of the contention of the auditors to the effect that millions of dollars were retained by the parent company, and were not shown in the statement of the Canadian company, although actually earned by that company. In this regard it is only fair to say that the companies were not to blame, and certainly the farmers were not to blame. But some overzealous officials of the Department of National Revenue followed the dumping clause, or the value for duty clause, in the customs regulations somewhat too religiously. As a result we find a very startling state of affairs, one which is almost unbelievable. On account of our own tariff regulations we were

compelling the head office of the International Harvester Company to keep in the United States profits actually earned in Canada. How was that done? It was done in this way: The company found that they must bill machines built in the United States to the Canadian subsidiary at a price higher than they were billing the same machines to the United States plants. If they did not bill at that exorbitant price they were charged a dumping duty by our Department of National Revenue.

At this point I should like to read into the record a few of the questions put to and the answers made by the manager of the International Harvester Company. I read the following from page 417 of the proceedings of the standing committee on agriculture and colonization for the year 1936. Mr. Morrison was being examined in the following manner:

Q. Take a $300 machine, a machine that you would invoice to the American selling company at $300, at what amount would you invoice that same machine to the Canadian company? Have you the answer?

A. Yes. The price to the United States distributing company would be $300.

Q. Yes?

A. The price to the Canadian company would be $346.

Q. Yes. Well then, I suggest to you that the question I put to you a few minutes ago is correct; that on account of our tariff regulations you found it more profitable to make your profits in the parent company than to make them over here; you charged the Canadian company $46 more for that one machine than you charged the American selling company for the same machine?

A. You realize, Mr. Cleaver, that the price that we charged the Canadian company was one that we were compelled to price at.

Q. I realize that. I am not saying that you were wrong in doing it. I am saying that our silly tariff regulations encouraged you to do it?

A. The profits of the Canadian company, of course, are affected by the higher price that they had to pay for these implements than if they had been purchased at the same price as the United States distributor paid.

Q. Now, we have the figure on this one type of implement, let us have the figure on another type—a tractor. Take a tractor that would sell to your American company for $1,000; what would you charge the Canadian company for that same tractor during the period when there was the full twenty-five per cent spread. Just recall your evidence of yesterday.

A. Yes. I want to give you the figures. I will give you an illustration, Mr. Cleaver, based on a tractor that would be priced to a dealer in the United States at $1,000.

Q. Yes.

A. The American distributing company would pay $750 for that tractor, the Canadian company would pay $950.

Q. So that the Canadian company was charged $200 more money for exactly the same tractor than you charged the American selling company?

A. That is correct.

Q. And once again I suggest to you you found it profitable to keep your profits in the United States and never to let the Canadian company make them?

A. I don't like the inference that might be taken from that statement that we found it profitable. It sounds like we had elected to do that.

Q. I am not suggesting that.

A. The way it turns out.

Q. Then shall we say necessary?

A. That is better, and that is the reason I have not subscribed to your statement.

That accounts for the fact that the auditor of the committee said that millions of dollars of profits were retained with the parent company of the International Harvester Company and did not show in the operating statement of the Hamilton company. I contend that we should keep this in mind when dealing with the set-up of this company and considering the profits which they have made.

The question then arises as to whether a reduction in tariff will operate to reduce the price of implements to the Canadian farmer. I should like to read a letter written by the International Harvester Company, the same company with which I have been dealing, to all its agents with respect to prices after the tariff reduction had taken place. This letter is dated Hamilton, May 8, 1936, and reads:

Subject: Price reduction on account of changes in duty

Changes in the tariff which became effective May 2, 1936, reduced the duty from 12½ per cent to 7½ per cent on most of the items in our general line which we import into Canada. Goods which are manufactured in Canada are, of course, in no way affected by this change.

We have on hand in Canada a stock of imported goods which represents a considerable part of our 1936 requirements. This stock was brought in at the higher rates of duty previously in force. Regardless of this fact it gives us great pleasure to pass the saving made by the duty reduction along to our customers.

You will, therefore, effective immediately, reduce prices, both wholesale and suggested retail in accordance with the attached list.

We suggest that this information be given to your dealers at once, using the first three paragraphs of this letter as the letter to your dealers.

Then followed a list of something over 100 implements. The argument has been advanced that implements are selling in the United States at practically the same prices as in Canada. The further argument is advanced that the amount of tariff protection is not being taken advantage of by the Canadian companies. I should like to refer to a report to be found at page 1266 of the report of the committee, containing particulars of some ten implements which were considered by it. In this report will be found particulars with refer-

ence to an eight foot binder, a five foot mower oil bath, a seventeen tooth spring-tooth harrow, a manure spreader and so on. Of the thirteen implements referred to in that list, in one instance the price is the same in Canada as in the United States; in two instances the prices are a little lower in Canada, and for the other ten implements taking one of each kind, the total selling price in the United States is $1,410.19 as compared with $1,560.55 in Canada, an increase of 10·5 per cent.

Mr. MACDONALD (Brantford): Who gave that evidence?

Mr. CLEAVER: If the hon. member wants to look over the tabulation, he will find it at page 1266 of the report. If he would like particulars of any individual machine, I shall be glad to give them now.

Mr. MACDONALD (Brantford): Who gave the evidence?

Mr. CLEAVER: There are something over a thousand pages of evidence, and I think the hon. member as a solicitor will realize that it would take some little time to look it up. If he is interested in having it, I shall be glad to give it to him privately. The difference between the United States and Canadian selling prices is 10·5 per cent for ten implements, and our duty is 7½ per cent plus an excise tax of three per cent. I wonder if that is just a coincidence, or is it cause and effect?

The argument has also been advanced that the companies are not making money; that they are suffering losses. I think the financial statement of the International Harvester Company that I have attempted to give since its incorporation rather answers that argument. There is one further piece of evidence that I should like to read into the record. At page 1230 of the report will be found complete particulars of the break-down in the cost of an eight foot binder, retailing to a farmer in Regina at $281. If you reduce that figure by the cost of freight amounting to $26.08, you have a net laid-down price of $254.92. That machine costs the International Harvester Company $22.62 for labour, a total of $71.06 for material, and for all overhead, $36.48. These are the company's own figures; they are not mine. In other words, the total cost to the company of that eight foot binder is $130.16. This is the binder that is sold to the farmer for $254.92. There is a mark-up of $124.86, or 95 per cent, on a machine costing the company $130.16. Are the companies making any money? Do they need the protection upon which they are insisting? I am not attempting to answer these questions; I simply give the house the figures and let the members judge for themselves.

There is one other matter to which I should like to call attention. On this particular machine the difference between the Canadian and United States selling prices is $31.40, whereas the total wage content is only $22.62. The tariff protection, even at the present low rate, is considerably higher than the total wage content of the machine. That makes me wonder whether all the speeches adverse to this report which have been given in the house have been made by hon. members who are really interested in labour. I wonder whether they have not been partly interested in capital?

Mr. MASSEY: Mr. Speaker, on a point of order, the hon. member cannot impute motives to any other hon. member, and I suggest that he withdraw that statement.

Mr. CLEAVER: If the hon. member for Greenwood (Mr. Massey) takes offence at what I have said, I withdraw unreservedly. But I did hear a dozen hon. members on the other side give as the basis of their argument the fact that they were sponsoring labour. I am suggesting that labour is not getting any of the benefits of the tariff protection which we have been giving to these companies.

Mr. MASSEY: Again, if the hon. member will permit me, I do not think there are dozens of members on this side of the house who have spoken on the subject.

Mr. CLEAVER: Perhaps they spoke so long that it seemed like that.

Mr. MASSEY: The hon. member's views on that are about as accurate as some of his other views.

Mr. CLEAVER: In conclusion, Mr. Speaker, I congratulate the committee upon the way in which it has performed the very important duty allotted to it, and I would urge with all the force at my command that its recommendations, especially recommendations Nos. 16 and 28, be carried out.

In regard to the recommendation in regard to cream separators I have just one word to say. Cream separators have a tariff protection of 25 per cent. A good many cream separators are being imported from Sweden. These cream separators are bought in Sweden at $13.05. That includes labour costs, material cost, overhead, profit, everything. They are

shipped to Canada and laid down here at a total cost, including transportation charges, duty and excise, of $17.65, as will be found at page 1240 of the committee's report, and they are sold to the Canadian farmer at $44.85. Should this house be a party to any such exorbitant charge as a spread of 160 per cent on a cream separator. I submit that every justification has been brought forward in the evidence for the entire removal of the duty on cream separators.

As to the 7½ per cent duty on implements I want to be entirely fair, and if the house feels that the committee has been prejudiced and that a judicial tribunal should deal with the question I would be quite content that it should be referred to the tariff board for hearing, but I submit, Mr. Speaker, that the evidence would abundantly justify the entire removal of the duty.

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation): Mr. Speaker, the report of the committee of inquiry on prices of farm implements shows that the average purchases of farm implements were largest in 1928 and 1929. The decline between 1930 and 1935 is chiefly due to the depression which hit this country. However, prices of farm implements were too high, even during the depression. On account of high protection, farm implement companies made unreasonable profits, at the expense of the farmer. Such a situation constituted, I dare say, real exploitation, and called for the utmost optimism, enterprise and industry.

It is a fact that the farmer, who could not sell his products, had to pay $263, $273 and $278 for a binder. Several companies were even asking as much as $281. No matter what the companies have to say about the cost of labour, of raw materials and of transportation, and about commissions to agents, they cannot justify themselves in the eyes of the people. They were responsible for the aggravation of the plight of agriculture.

What I said about binders also applies to cream separators. The farmer paid $107.58 for a certain type of cream separator made by the International Harvester Company and costing $41.72 at the factory. However, the trifling sum of $2.47 must be deducted for transportation.

It may be objected that most of these implements were sold on time. For the information of the house, I wish to place on Hansard the following table showing price increases in the case of sales on time:

	Eastern Canada		Western Canada	
	1 yr. p.c.	2 yrs. p.c.	1 yr. p.c.	2 yrs. p.c.
International Harvester Co.. ..	6·52	8·11	7·51	9·75
Massey-Harris Co. ..	6·82	8·79	6·16	9·93
Cockshutt Plow Co..	4·92	7·61	6·57	11·23
Frost & Wood.. ..	4·77	7·49	....	....
Deere & Co..	....	....	8·57	11·06

May I now quote prices of other essential farm implements. A hay rake sold for as much as from $52 to $62. The farmer paid from $171 to $204 for a manure spreader, while he had to pay $100 to $120 for a 5-foot binder. These figures are taken from tables published in the report of the special committee, No. 20.

Mr. Speaker, if I may be allowed to continue for another five minutes, I will conclude, with the consent of the house.

Mr. SPEAKER: The hon. member cannot proceed except with the unanimous consent of the house. If he desires to speak for five more minutes, I am entirely in the hands of the house.

Mr. LACOMBE: The figures I have quoted are found in the tables published in No. 20 of the report of the special committee of inquiry. Therefore, I feel it my duty to draw the attention of the house upon part of the recommendations of the report which seem particularly appropriate to me:

It is the opinion of the committee that the cost of cream separators to the consumers should be reduced and with that end in view recommends that this item be placed on the free list.

Reduction in the tariff should, and does, in the long run, tend to lower the price level to the farmer, depending on the extent of free price competition in the industry.

The provisions of the Customs Act and the Customs Tariff Act affecting the importation of farm implements should be clarified and simplified.

The cost of credit to the farmer purchasing farm implements on time is excessive and the companies should take immediate steps to reduce these credit charges.

The profits to the farm implement companies on the sale of replacement parts is excessive and the price of these to the consumer should be materially reduced.

The increases announced by the companies in January, 1936, were not justified by an increase in manufacturing or distribution costs or by the financial results of the companies in so far as these were affected by the price level of farm implements.

Over the period 1891 to 1936 retail prices of farm implements have been maintained at too high a level as shown by the financial returns to the companies engaged in the industry, during that period.

I do not propose to add anything more to my remarks, Mr. Speaker. But whether one likes it or not, no practical solution to the important problem of farm implements can be found in theories and speech-making. Ideas remain fruitless if not followed by action. The excessive prices set by farm implement manufacturers are responsible for the long delayed economic recovery. In many instances during the last few years, the returns from a year's harvest proved insufficient to meet the cost of a binder, a mower, a cream separator, nay, even a plough. So what has taken place? Moral failure succeeded to economic misfortune. The discouraged farmer, who had found his greatest joy in hard work, left for the city to join the ranks of the unemployed on relief.

Let not the farm implement manufacturers ever forget that their duty in the first instance is to co-operate with the farmer. Are they not themselves dependent upon farming activities for their living? Do they realize that? If they do not, sufficient power rests with the Government of this country to bring them to reason. They will undoubtedly exercise it, in accordance with the evidence of Mr. J. K. MacKenzie, as reported on page 1288 of the minutes of proceedings and reports, No. 20, of the investigating committee.

The evidence of Mr. J. K. MacKenzie, representing the Caterpillar Tractor Company, shows that as a result of the removal of the duty on tractors valued at over $1,400 in January, 1936, the prices of its tractors to the Canadian purchasers were reduced by the amount thus saved to the company in duty. The reduction in price was $880 in the case of one particular tractor.

Mr. Speaker, should the manufacturers feel inclined to retaliate or to resort to combines, the Government would still be in a position to apply the law as contained in the Revised Statutes of Canada and thereby overcome their obstinacy.

On motion of Mr. Wood the debate was adjourned.

It being seven minutes after eleven o'clock the house adjourned, without question put, pursuant to standing order.

Friday, May 6, 1938

The house met at three o'clock.

THE LATE DUKE OF DEVONSHIRE

TRIBUTES BY THE PRIME MINISTER AND THE LEADER OF THE OPPOSITION

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, hon. members of this house and the people of Canada generally will have learned with deep regret of the passing at an early hour this morning of His Grace the Duke of Devonshire, who held the high office of governor general of this country from 1916 to 1921.

The Duke of Devonshire inherited and honourably maintained an ancient family tradition of public service. Before coming to Canada he had already, as a young man, sat in the House of Commons for almost two decades and had occupied important posts in the British ministry. Nor did his active participation in the public life of the old land cease with his term as governor general. From 1922 to 1924 he served as secretary of state for the colonies, which portfolio he held at the time of the imperial conference of 1923.

But it is his years as governor general of Canada which are uppermost in our thoughts to-day. Those who were responsible for the conduct of public affairs during the Duke of Devonshire's term of office realized how much his English traits of composure, of balance and sound common sense contributed to the steadiness of national life in those critical years. In his person the Duke of Devonshire was kindly and friendly, deeply and genuinely interested in the well being of his fellows in all walks of life. Many who knew him even but slightly will recall his quiet, unremitting and generous support of worthy causes and his interest in all that pertained to Canada's social, cultural and economic activities. In his official capacity the Duke of Devonshire discharged his duties with constant regard to British tradition and British constitutional practice.

The people of Canada will recall the charming and delightful personality of the Duchess of Devonshire and the manner in which, along with the members of their lovely family, she shared the interests and labours of her husband. To Her Grace and to the members of the family in their bereavement I should like to extend on behalf of the members of this House of Commons and of the people of Canada the expression of our very sincere sympathy.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, on behalf of those who constitute the official opposition I desire to associate myself with the observations of the right hon. Prime Minister (Mr. Mackenzie King).

The Duke of Devonshire came to Canada at a very difficult time. The war had been in progress for some years, and conditions were certainly anything but satisfactory from the

standpoint of the allied cause. It was my privilege to see much of him, after I had left this house, because of his active participation in the work of the Red Cross society. Perhaps he could be best characterized as possessing common sense to a very singular degree. His balanced judgment, his calm approach to the problems of the country and that sterling common sense which always manifested itself enabled him to deal with very complex problems, not only of administration but also of policy, affecting not only the Red Cross society but also other organizations that had to do with the life of our country at that time, notably the Patriotic Fund.

The Duke of Devonshire was the first head of his great family to undertake the service of the crown overseas. It was an experiment for the head of that great Whig family, one of the most powerful of all the illustrious families of England. How successful that experiment was and how well he discharged his duties is a matter of history. He was interested in everything that had to do with the welfare of this country. I think one of the most powerful addresses I ever heard made by a public man was an address he made at a time when the fortunes of the war were running very strongly against us. That magnificent courage which is a distinguishing characteristic of men of his race was never more manifest than on that occasion, and I shall carry with me always the memory of that occasion. He seemed to be an apathetic gentleman, but in point of fact he was most observant and had a very keen interest in everything that was going on around about him. I remember his indicating that he thought one of the greatest compliments ever paid to him was by the stock men of the west, who found him possessed of such wide knowledge with respect to live stock that they wondered if they could not secure his services as a judge after his term of office had expired here as governor general. He had a very great appreciation of the compliment thus paid to his knowledge of live stock, of farming and of everything that had to do with agriculture. His wide training in public life, to which the Prime Minister has referred, enabled him not only to discharge the constitutional duties of governor general with great acceptance, but to be of the utmost assistance to those who were responsible for government at that time. I know that the prime minister from 1911 until 1921 would, if he were present, pay high tribute to the assistance the governor general gave to him in the discharge of his very onerous duties.

Her Grace the Duchess of Devonshire, a daughter of the distinguished Lord Lansdowne, who had been governor general of Canada, seemed almost intuitively to know this country and its peoples. Her charm and remarkable understanding and intelligence were manifest on all occasions, so that I can say frankly that everyone felt at home in her company. The family, when they were all here, were an aggregation of young men and women such as one would find in any well conducted home.

Our sympathy goes out to the Duchess of Devonshire and to her family in the great sorrow they have experienced. Although the Duke of Devonshire during the last few years had not been able actively to participate in public life, his interest in Canada after his recovery from a stroke was always manifest, and I fancy there are very few Canadians who came in contact with him who have not been invited to partake of his generous hospitality, whether in his home in London or at his great estates in Derbyshire and Yorkshire. Every Canadian was always welcome; the latch-string was always down. He will be greatly missed by all Canadians who knew him, and it must be a matter of profound satisfaction to those associated with him, and to his family, that he was able to make so great a contribution to the public service of the empire at a period of great stress and strain.

I am sure, Mr. Speaker, you will on behalf of this house express our sincere sympathy to the Duchess of Devonshire and the surviving family of our former governor general in their bereavement.

FARM IMPLEMENTS COMMITTEE

MOTION FOR CONCURRENCE IN SECOND REPORT PRESENTED APRIL 8, 1937.

The house resumed from Thursday, May 5, consideration of the motion of Mr. Johnston (Lake Centre) for concurrence in the second report of the special committee appointed to investigate farm implement prices, presented to the house on the 8th of April, 1937.

Mr. G. E. WOOD (Brant): Mr. Speaker, I have listened with a great deal of interest to hon. members who have given expression to their opinions and their interpretations of the report of the special committee on farm implement prices. After paying strict attention to their contributions I have come to the conclusion that there are only two sides to every question—the side I take, and the wrong side. I sometimes marvel at the ability of some hon. members to bring out the phases

of a particular argument which go to prove anything they wish to prove, and at their attempts to leave an impression favourable to the cause they desire to support.

The hon. member for Greenwood (Mr. Massey), in high-sounding phrases, endeavoured to pose as a man attempting to clarify the national air from the creation of false impressions, and his statement with respect to the speech of the Minister of Agriculture (Mr. Gardiner) has tended only to strike one more blow upon the wedge being driven between certain sections of the country. Having regard to the record of the party with which the hon. member is associated, he should be the last to emphasize this particular virtue, because I am satisfied that the party to which he belongs has made the greatest contribution towards driving that wedge between the agrarian and the industrial interests.

The hope of Canada lies in a great national party, a party whose principles are liberty of thought, liberty of conscience and liberty of action. There is always more or less of a conflict, under our constitution, between the local and the larger interest, and it is the duty of those who happen to be responsible for the smaller interests to bring the needs of those smaller communities respectfully to the seat of government, so that the different interests may be woven together into a great national fabric which will serve as an instrument to be used for the well-being of the nation as a whole. It must be understood by all that people in different communities cannot be expected to hold exactly the same viewpoints.

I do not propose to enlarge upon the arguments which have been placed before the house by the special committee, because I believe the ground has been pretty well covered. Any figures I may have accumulated have already been given, and I refuse to repeat what has already been said. The fact still remains, however, that no matter what arguments have been put forth, since 1930 neither the implement manufacturer nor the farmer has received a reasonable profit.

I believe there is a solution of our difficulties, and it does not lie in extremes. I wish to go on record as taking what I believe to be the middle-of-the-road course, one which will give adequate protection to industry without jeopardizing the interests of the consumer. My belief is that freer trade is the best form of protection, because after all our interests must be those of the great masses of the people. The working man must be protected; he must have a larger market in which to sell the product of his labours. There must be low cost production so that there may be an outlet for the product of the working man; goods and services must be available at prices which will not too greatly reduce the purchasing power of the consumer and which will encourage the sale of more goods and produce more opportunities for labour.

When I speak of industry I include all the forces contributing to it. Capital, labour, and the consumer, all play a part in our economic life. There should be harmony among all these classes so as to encourage a reasonably fair exchange of services. Many arguments going back into ancient history have been made in an endeavour to produce evidence to bear out what hon. members have attempted to prove. I feel that perhaps the most futile of all performances is a bemoaning of the past, its mistakes, its missteps, its missed opportunities. We cannot recapture the past, even if we try. Let the dead past bury its dead, and let us live for the future.

I believe we are at the beginning of a new era; we must face conditions as they are. We must accept the facts. It is always wise to look at the past and to examine the experiences we have had so that we may plan more accurately for the future. I believe legislation in the national interest and capable of application could be brought down in this connection. We have disadvantages to overcome, but on the other hand we enjoy many natural advantages. As people living on that section of God's earth situated north of the forty-ninth parallel of latitude, around the great lakes, we can develop an economic structure by taking a middle-of-the-road course, honestly facing the surmountable difficulties which are blended in with the natural advantages that we enjoy. We can make this country one in which people may have an opportunity to give expression to their choice of whatever particular type of life they wish to pursue.

True, while this is primarily an agricultural country, there are many of our population who are not natural farmers and who find an outlet for their energies in industrial fields. I feel that we should provide an opportunity for these people. In this new era into which we have entered, notwithstanding what our opinions may or may not have been in the past, there are certain conditions which we have to face. There is a tendency to-day toward balanced economics. One of the difficulties that must be surmounted in industrial life in Canada is the fact that our geographical conditions are such that we have an added expense in freight rates on account of having a long haul over a practically barren country. This is particularly true with respect to agricultural implements. This in itself adds to the

cost to the western consumer of many of the products he uses from the industrial east.

A report from the Canadian National Railways shows that we deliver freight on that line for practically ·97 of a cent per ton mile. The fact is that there is 1,000 miles of territory along this line in which very little business is done in agricultural implements. This does add to the cost to the consumer.

One of the advantages enjoyed in the United States is the fairly even distribution of farm implements over the whole country. The Canadian manufacturer has to pay freight on this 1,000 mile haul, which extra cost must necessarily be charged to the consumer of his product. I take the view that that has a tendency to increase the cost of Canadian-made machinery to the Canadian farmer. I might note that all this extra cost is not charged against the western consumer; a certain percentage is charged to the Ontario farmer. On a binder weighing approximately one ton there would be an additional freight charge of $10 due to its having to be hauled 1,000 miles through northern Ontario. This should be taken into consideration in making any comparison with United States prices.

A comparison of prices from 1913 to 1925 is hardly fair, because part of the increase in price is due to the fact that some of the equipment was not included in the implements sold in the earlier years. I remember several years ago when a sheaf carrier was not considered in the standard price of a binder. Pole trucks were not used at that time and their cost was not included. We have to look at the situation as we have to face it to-day. There is also the matter of Alemite greasing, but in my view the advantages of this added equipment are more apparent than real. However, it adds around $13 to the price of a binder. We farmers have demanded that it be included and we must pay the price. The same thing applies to the oil bath mower, which adds another $16.50 to the cost. All these things should be taken into consideration when making comparisons. I am prepared to listen to any arguments advanced in favour of this added equipment, but I am a little doubtful as to the value of these things as far as service is concerned. Nevertheless they are the style, we demand them and we get them. As a practical farmer I happen to have in my barn to-day a binder that has cut thirty crops. It never had a pole truck or Alemite greasing but I expect that it will cut a few more crops, or at least I am hoping it will. I submit that some of these older implements had the ability to do the work just as well as those being sold to-day.

I believe that the industrialists in the Dominion of Canada have an opportunity to manufacture goods for the citizens of this country, but their place in the economic life of Canada is such that they must provide the goods and give a service to society that will compare with the purchasing power of the consumer. It is noticeable down through the history of industrial life in Canada that when the prices of farm products are in close relationship to the prices of manufactured goods, that is when we have enjoyed the greatest measure of prosperity. I should like to draw attention to a chart which goes back to 1917. It shows that the periods in which we enjoyed the greatest measure of prosperity were the periods when the prices of farm products exceeded those of manufactured goods. From 1917 to 1920 agriculture and industry enjoyed an unprecedented measure of prosperity. From 1921 to 1926 there was a considerable slump and during this period the prices of manufactured goods were considerably above those of farm products. From 1927 to 1929 the ratio of farm product prices increased and we again enjoyed a measure of industrial progress. From 1930 to 1936 the prices of manufactured goods were higher than the prices of farm products and we all know the condition of affairs that existed in that period. From 1932 there has been a gradual increase in the purchasing power of the farmer and the accompanying impetus to trade bears out the argument I have made. Prosperity of industry is dependent upon the prosperity of agriculture. I do not think anyone denies this.

I often wonder why there are not more steps taken to improve this condition of affairs and to keep the country from getting into the slough of economic despondency as often as it does. The argument of extremes has been used; we have heard the argument of exclusionists and of those who hold the opposite view. But these arguments of extremists remind me of the farmer who attempted to hook on to his loaded wagon with a long chain at the end of the wagon tongue. When he endeavoured to pull his load he found that when he tried to turn a corner he eventually landed in the ditch. It seems to me that many of the arguments that have been advanced here were simply a hope that by going to the extreme the wished-for results would be obtained. I do not believe anything will be gained by taking that attitude.

I submit that we should take the middle-of-the-road course and I contend that that is the course taken by this government. They have reduced the tariff whenever it was thought wise so to do. They have acted in a manner that they believed was in the national interest. This process must be slow. I believe this government has gone a long way and the figures prove that it has been successful. Since 1937 the purchasing power of the farmer has been coming up closer to the prices paid for manufactured goods. If we can continue this condition of affairs, there is no question that prosperity will be the result.

I have every reason to believe in the good judgment of the Minister of Finance (Mr. Dunning). I believe he will follow what has always been the policy of Liberalism and see that no harm is done to industry. The functions of government will be used for the furtherance of industry and the continued development and welfare of the people at large. I hope and trust that we will come to the point when we shall have stability in tariffs. The tariff is an instrument which we have always had, and it could be used for revenue purposes. The protection that a tariff for revenue gives incidentally is justified, but when it comes to applying the tariff to the point of exclusion I do not think there is any justification for it.

In passing let me say that the right hon. leader of the opposition (Mr. Bennett) made, in my opinion, a splendid contribution to the national life of this country during his term of office. During the election campaign of 1930 he used some rather strong phrases, which I am not going to repeat now, to the effect that he would protect the markets of the Canadian people, and I can remember after that campaign how some of my good Conservative friends naturally drew my attention to the election results, and my answer was, "Well, I hope and believe that Mr. Bennett will give us an application of those principles which he has been advocating." I am prepared to give him credit for honesty of conviction; for he did apply high protection, and he was successful at least in showing the Canadian people that that is not the road to recovery. I believe, furthermore, that he convinced many even of his own party of that truth, because they are not talking protection so much to-day. I think the right hon. gentleman contributed to giving the death blow to exclusionist protection at least.

The attitude I am taking may not suit either side, but I do not know that I have a right to take sides. I am trying to give expression to my own views. I had occasion last year to travel through the west and I visited many of my colleagues on their farms. I found them all extremely fine hosts. I had heard down in Ontario that many of the difficulties of the west arose from the fact that the average farmer there did not farm properly but simply mined the soil. I am prepared to say for our western farmers, and my opinion may have some value because I have always lived on the farm, that the west is manned by the finest group of farmers that I think you could find in any section of this country, and I say that advisedly. I believe they are doing everything possible, with conditions as they are, to better themselves and to meet the situation as they find it to-day. Unfortunately there has been a national calamity which has made it very difficult in some respects for our western farmers, but they are facing the future with a courage that I think is wonderful; I doubt whether we farmers in Ontario could stand the adversity which our fellow-farmers in the west are facing so courageously.

I have mentioned that that industry has certain surmountable difficulties in connection with freight rates, but against that the western farmer has the advantage of cheap land. It is marvellous to see the amount of energy they can accumulate with the modern agricultural implements they have to-day. Their land works much easier then ours does in the east, and they have the advantage of cheap land. We ask them to take that natural advantage and blend it with some of the disadvantages they have, and perhaps we can share some of the advantages we have and blend them with their disadvantages. We need the west, and we want the west to prosper, because after all the west is the great market for many of the products of the east.

I am going to take this opportunity to give the results of a little survey I made of what I saw on my trip to the west last year. I quietly took the opportunity to go to the various country stores to see what I could find that was representative of the town of Paris and the city of Brantford which I have the honour to represent in this house. In almost any community of any size I saw in glaring print "Massey-Harris implements" and "Cockshutt implements." Travelling through the country where there was road-building I would come across road-building machinery, and almost invariably it was from Adams Limited at Paris. On the way out I noticed that the sleepers were equipped with blankets from Slingsby Manufacturing Co., Ltd., Brantford, and even the men were wearing suitings and overcoats made by Slingsby's.

I have already spoken of the hospitality of my western hosts. As I went into some of their lovely homes I noticed that where they had waxed the hardwood floors, nine times out of ten they were using Johnson's wax, made in the city of Brantford. If they could afford to put a carpet on the floor you would see if you turned it up, that it was a Harding carpet, made in the city of Brantford. I did see some buildings painted, but I saw a lot more that needed paint. Those that looked fresh with paint I noticed were using paint from Scarfe & Co., Ltd., in the city of Brantford.

I went on from Winnipeg to Vancouver. I happened to be standing on the street in Vancouver when I met the hon. member for Marquette (Mr. Glen), and I drew his attention to a truck body that went by, which was made by the Canada Carriage Co., Ltd., in Brantford.

I went up the inlet to a place called Ocean Falls, a narrow inlet where the only means of communication is by water. There I stood on a wharf which is used by a company manufacturing pulp and paper. They were using pulp machinery made by Waterous Limited of Brantford.

I went on to Prince Rupert, and going through a hardware store I saw they were selling products of the Crown Electric Company of Brantford. In Winnipeg I ran across a Harold Sanderson refrigerator made in Paris. Everywhere I went there were evidences that Penman's underwear, made in the town of Paris, was being widely sold in the west.

I must not overlook the fact that a large proportion of the farmers were using good judgment by buying Brantford binder twine. We are very proud of the Brantford Cordage Company, which has been able to exist in the city of Brantford without any measure of protection. As I went into the homes I would see the Locomotive washer, which is made in the city of Brantford, and looking through the jewellery stores I would see jewellery boxes made by E. A. Gunther of the city of Brantford. Last but not least—I have already mentioned the generous hospitality of our western friends—in our travels through the country, as we stopped at some inn or lunchroom, naturally the ladies always chose a Dinner sandwich and Crispy Crunch made by the Paterson Biscuit Works of Brantford, which was founded by a predecessor of mine who represented that constituency as minister of customs in the Laurier government previous to 1911.

What I wish to draw attention to is that it ill becomes us in the east to speak at all disparagingly about the west or even about their opinions. I hope I am charitable enough to recognize that what they say is worth listening to, even if we do not agree in every sense of the word. We will take all these various viewpoints and bring them here to the foot of the government, as good Liberals should do. If we are to be national we must welcome various viewpoints. It is only by bringing those various points of view before the government that we shall be able to effect a compromise, which is the only possible basis of solution of our problems. If each one insists on enforcing the will of one particular section of the country, nothing is surer than that the wedge of which the hon. member for Greenwood spoke will bring about disaster.

Mr. MALCOLM McLEAN (Melfort): The fact that the subject of this debate has been before the house off and on for so much of this session—

Mr. SPENCE: Three months.

Mr. McLEAN (Melfort): —indicates its importance to the people of the country as a whole and to certain large sections of the country in particular. The people all over Canada from ocean to ocean are interested in many things which have been dealt with in the investigation the report of which, Mr. Speaker, is before you to-day, and in which concurrence is being asked. Many speakers, from nearly every province in Canada, have taken part in the discussion so far, indicating the very real importance to their people of the matter which is being considered.

Weird and wonderful arguments about many matters are sometimes heard in this chamber, but I think it has remained for some hon. members to bring the strangest arguments to bear on the matter now before the house. Before proceeding with what I have to say on the subject I should like to draw attention to some of the utterances yesterday of the hon. member for Greenwood (Mr. Massey).

Among other things on which he spent time was to assure us that he and his family had no connection with one of the great implement houses of this country. I am glad to see that the hon. member is in the chamber. It was unnecessary for him to assure us that he is not interested in that great company whose name he bears and which is a credit to those who founded it and carried it on for so many years. But we have been told many times that he was not connected with it, and I do not know why it should be necessary that he should repeat the statement. No one is attacking the men who built that company and who lent it their name. Probably, how-

ever, he was interested in the company at the time that its control got into financial hands and out of the hands of the manufacturers of implements, at the time the stock of the company went on the market at a very high price and soared still higher until people lost millions of dollars—largely I believe, through the control of the company getting into financial hands rather than into the hands of engineers and producers of implements. That is something which is very regrettable, but at this late date I do not see how it can be avoided or why any explanations need be made about it. It is true that much blame has been attached to this company along with other companies manufacturing implements. It is unfortunate if the blame for methods of manufacturing and distribution of implements should be attached undeservedly to those who originally built the company rather than to the stockbroking and stock jobbing methods which were used in connection with it and which caused great loss to many investors in Canada.

The hon. member for Greenwood lamented the fact that the committee did not pay particular attention to the interests of those working for the company—not alone for that company but for the implement industry in Canada. Well, it has always interested me to see the concern so many of my friends opposite exhibit for the one or two or three per cent of those who are producing goods to sell to the fifty or sixty or eighty per cent of the Canadian people. It seems to be the thought of some of those who have taken part in this debate that the committee was set up really to find out how to get more from the users of the goods and give it to those who happen to be engaged in working in the industry turning out the goods. They have forgotten that after all the consumer is the most important unit in enterprise, that if it was not for the consumer there would be no need of making such goods at all. So I think the committee was quite right if it is a fact that they paid particular attention to the interests of the buyer rather than to the seller.

Again, my hon. friend complains that for many years the implement industry has "borne the brunt of vicious attacks" in this house. I have heard none such during this or any other of the few sessions that I have attended parliament, and certainly I heard no vicious attacks on the industry in the committee. I do not understand why the hon. member for Greenwood, along with one or two other of my friends, perhaps—on this side of the house and other places, have tried to make the house believe that these companies were being viciously attacked. I sat in at almost every session of the committee last year and the year before. I observed the attitude that the men representing the companies adopted in the committee, and the satisfaction they expressed at the courteous and cordial manner in which they were treated. There was no need of using force or coercion to get them to answer the questions that were put; they were willingly there and willingly answered the questions asked by the committee. There was no hint of persecution of any kind. There was no "claptrap" about "politicians inside or outside." It was not the policy of any hon. member of the committee or any "claptrap politician" outside it to "play upon the emotions and sensitivities of the farmer and attempt to portray the implement manufacturer as the arch-villain of the piece," as the hon. member for Greenwood has charged.

There are one or two other remarks made by the hon. member to which I should like to draw attention. He said:

> It has been stated by those who have made a thorough investigation of this question that the average western farmer spends for farm implements only three cents of every dollar he spends.

On the same page of Hansard, 2573, I find a list purporting to give the "equipment on half section prairie farm showing the duty that would be paid if the implements were imported." Among the implements are a 1-2 furrow tractor plow. Well, a grain farmer would not get very far with a 1-2 furrow plow unless a man was going to do breaking with it. Then the next item is 1 set drag harrows. The statement gives dealers' prices f.o.b. Chicago; 25 per cent for duty purposes is deducted, and 7½ per cent is taken for duty purposes at the present time; the length of life of each implement is given, and the burden of duty per year is calculated upon that basis, a basis that gives the cost for implements on a half section prairie farm of $757, in addition to the power equipment, of course, that is used. If all these figures are taken, I would say that they might be figured out correctly but they would not be an accurate reflection of what the equipment would really cost. In the first place the duty on implements was not 25 per cent, and it is not 7½ per cent to-day,—it is 10½ per cent now with all the profits and the costs that have to be added to that and had to be added to the 25 per cent and 3 per cent in previous days. The dealers' prices at Chicago may or may not be current at the moment, but it is a sure thing that no cost of duty to the farmer can be figured out very accurately on this basis.

I might make just as ridiculous a statement as was made by the hon. member for Green-

wood if I were to say, what would be literally true, that many farmers in Saskatchewan, some in Manitoba, and quite a number in Alberta, have paid out in single years a larger sum of money to companies representing duty paid on the implements or repairs which they were buying, than the gross total amount their crops came to in those years. Of course that statement might be true but it would not be a fair picture, because I would be taking years when there were no returns whatever on the crop, and therefore the statement would not be reasonable as an argument. Nevertheless, it is true that many farmers have had that experience. One other matter my hon. friend emphasized a good deal in trying to controvert the speech of the Minister of Agriculture (Mr. Gardiner) two or three nights ago was in reference to the drop in the price of binders in 1922 before the duty was reduced. Everyone knows that the dominion election in 1921, particularly in the west, was fought largely on the high cost of farm implements. Some sixty or sixty-five members of a new party came from that part of the country to the House of Commons determined to obtain reductions in the price of implements, and before the government of the day had an opportunity to bring down a budget in deference to the sentiments of the country the industry at that time reduced its prices. It is true that there were reductions in materials, but this is one of the marvellous things I find—that, whereas reductions in materials and labour amounted to about $39, there was a reduction of $60 in the price of the binder between 1921 and 1922. In addition to the $39 reduction in materials and labour there was a reduction of $14 representing burden.

I wish later on to contrast the action at that time, in reducing the price of the binder because of the reduced burden, with what has been done in recent years when prices have been increased very materially.

Mr. MASSEY: I do not wish to interrupt the hon. gentleman but I am sure that he wants to make an accurate statement. The price reduction was made in October, 1921, and the reduction in duty of 2½ per cent was made on May 24, 1922, a matter of eight months. I was in error when I said six.

Mr. McLEAN (Melfort): The figures that I have in my hand are those of the International Harvester Company of Canada, Limited, and I believe they are probably correct: "Schedule of manufacturing costs, 8 foot binder, using an average burden, 1913, and 1919 to 1936 with sales realization comparable thereto."

The reduction made in October would not be of much value in that year, but 1922 is shown to be the year when the reduction was made. I do not propose to follow that further except to say that it was not the first time that the industry in Canada did make reductions in deference to public sentiment. In 1893 similar reductions were made after a campaign carried on by many people against the comparatively high prices that then prevailed. As one who attended every sitting of the committee which I possibly could, I would say that it is not a single thing alone that has caused an increase in the price of late years or has caused the high prices that have worried the farmers and others in the country. My hon. friend from Greenwood (Mr. Massey) in dealing with the industry said something about the lack of consideration for the workers. He said, referring to the industrial worker:

> What of his job, which provides his means of livelihood, when his expenses are so heavy and when the uncertainties of his position these days are a constant source of echinated worry?

I confess I had to look up the dictionary for the meaning of the word "echinated." I thank the hon. gentleman for introducing it to the house.

An hon. MEMBER: What does it mean?

Mr. McLEAN (Melfort): Someone asks what it means. It is descriptive of the problem we are investigating at the moment. It is a "prickly" question bristling with difficulties, and sometimes those who touch the bristles are liable to be jabbed by them. The point I wish to make, while thanking my hon. friend for this addition to the knowledge and culture of the house by his use of that very descriptive word, is with reference to what he said about the difficult position of the worker in the industry, the weight of his expenses and so on. That is one of the complaints I make against all artificial costs and burdens that are laid upon industry in Canada. In the long run the worker does not benefit, and as a net result of all these various burdens placed one on top of the other, constantly pyramiding, there is danger some day of the whole structure falling down. If that table standing there on four legs is tinkered with, if someone says that this corner is too low and therefore puts a piece under this leg, raising it to that extent, we all know what will happen. When you raise that leg for the benefit of the owner of industry, someone else will want to raise the leg next to it for the benefit of the workers in industry and that will leave your table lopsided. Some bright mind will then undertake to raise it at the other end, putting

a piece under a third leg for the benefit of the financiers and transportation interests, and finally the consumers insist that they should have their corner raised too, and that is sometimes attempted. The result is that your table is raised equally all around, and you can see what that means; the level over all is the same as before. But in the meantime you have added a heavy cost to industry and that additional burden must be levied ultimately against many with small incomes, those in receipt of small fixed payments of various kinds, and who cannot benefit from the adjustments made.

Among the factors which the committee was told contributed to the increase at the present time were materials, labour, factory burden, freights, commissions, time sales, collections, bad debts and the lack of volume. There is another one that they should have added and that is the matter of financing, because unquestionably when any industry gets into the hands of financiers, the money men, who think that wealth consists of money and papers, then it is going to add to the burden of running that industry in many ways which often bring it to the brink of failure. I should like to look at some of the arguments advanced in the committee with respect to various materials, and I notice that there were some curious anomalies. In connection with paint, which is an important item, the price of flax seed went down and the price of linseed oil went up. Undoubtedly that added to the cost of machinery. In connection with lumber, we are told that Canadian white pine and British Columbia fir in 1913 stood at 100 a thousand, I presume. By 1936, white pine was 149 and British Columbia fir 113. But in 1935, a little before the time when the increase in implement prices was put into effect, British Columbia fir stood at 93 instead of 100 as it was in 1913 and as against 108 in 1930. So that these figures do not show any upward trend. Pig iron, taken at 100 in 1913, was in 1935 up to 111.

Mr. BENNETT: The year 1913 is not fair.

Mr. McLEAN (Melfort): No, it is too much in favour of the industry, I imagine; 1913 was before the war. If, however, there is any other reason to indicate that it is not fair I shall be glad to take some other year. In 1924 when we were nearly normal, pig iron was 143 as against 111 in 1935, and in 1930 it was 120. Steel bars in 1924 stood at 151; in 1930, 113; and in 1935, 109. Coal shows a little reduction. In 1924 it was 227; in 1930, 218; and in 1935, 190. Linseed oil was 93 in 1932 and 121 in 1935; as against 199 in 1924. Oak lumber was down from $167 in 1924 to $107 in 1935. Freight on implements was 153·9 in 1931 and the same in 1935. A look at wages will give us some interesting figures:

	1930	1935
Blacksmiths	236	174
Machinists	228	173
Pattern makers	238·8	186·3
Moulders	204·7	163·3
Painters	195·8	162·5
Labourers	191·8	169·2

Apparently those are on a percentage basis. So unquestionably it was not the price of materials or the cost of labour that brought about the increase at that time, and that is borne out by the evidence of Mr. Morrison. Some people have been afraid that the worker in industry was getting less out of it than he did in previous years, due to technological improvements and so on. At page 57 of the evidence taken last year it is shown that the ratio of materials to labour in prime costs during the years 1913 to 1921 compared as four is to one; that is, materials were four and labour one. For the past ten years the figures have been 76·57 to 23·40, or slightly over three to one. In other words the position of the worker when employed had improved comparatively in that time.

One of the great increases that I find—and I believe it is related to the cost of financing and also to the reduction in sales—is in connection with the factory burden. The Hamilton plant of the International Harvester Company I think is run efficiently, but the factory burden as compared with productive labour was 118 per cent in 1913. In 1929 it was up to 136 per cent. For the fiscal year ending 1932 it reached the figure of 526·80 per cent. In 1935 it was down to 196 per cent, and was still on the way down when this investigation was being held. Somewhat the same situation exists in regard to the Massey-Harris Company, although there the figures are not quite so extreme. I know the books were kept in a little different manner, but approximately the same result is shown. In 1930 the factory burden was 267 per cent in relation to direct labour. For the next few years the figures were as follows:

	Per cent to direct labour
1931	476
1932	474
1933	384
1934	270
1935	220

I have in my hand the answers given by Mr. Morrison, in which he admitted that material cost was coming down. I shall not take time to read his answers, because I think that is generally admitted. The same

is true of wages, as compared with other years. As between 1926 and 1936, when the last investigation was held, materials had decreased from 66·1 per cent to 58·2 per cent. Wages showed the following figures: For 1926 an average of 52 cents per hour; for 1935 an average of 49 cents per hour, a decrease of 3 cents per hour or about six per cent. If my memory serves me aright these are the figures of the Massey-Harris Company. The submission was made by the company at that time that by keeping together a skeleton force composed of foremen, straw bosses and men a little above the general rank and file, the cost was greater than it otherwise would have been. Possibly the difference should have been charged to overhead, but in any case the skeleton organization was being kept together in that way, and no doubt that was quite proper. Nevertheless the fact remains that during that period wages dropped by about three cents per hour, or approximately six per cent. It was admitted quite freely that labour and material costs and budens were coming down, but the argument was advanced that selling prices had to be increased because burdens particularly had been so high from 1930 to 1934, the period during which we had 476 per cent as the burden cost of the Massey-Harris Company and 526 per cent as the extreme cost of the International Harvester Company, and it was during those years that money was being lost by the company.

A good deal has been said from time to time with regard to the number of men employed in this industry. I recall quite well that when duties were low several years ago this industry employed a good many thousand men. The figure of employment for 1936 was higher than that for 1935, and in 1936 the number of workers in the Massey-Harris shops was 1,721. The total in 1935, including factory executives, engineers, factory workers, general executives and office personnel at head office and branches was 2,061. When one looks back a few years and remembers the seven or eight thousand men at one time employed by this company, one realizes not only the loss that has ensued to the men who remained on the payroll but the greater loss suffered by the men who were dropped from the payroll, who once worked for the company but who lost their employment because these machines were not being sold.

Mr. GOLDING: They employed nearly twelve thousand at one time.

Mr. McLEAN (Melfort): Yes, and that dropped to two thousand only a couple of years ago. The general manager of the company was asked whether or not he and his company were under any disadvantage as compared with their principal competitor in Canada, and his answer was that he did not think they were under any disability. Neither in wages nor in material was that Canadian company under any disadvantage as compared with their rivals. I have before me figures showing the wages paid from 1926 on, in the different lines of work. I am not going to read those figures, because time is passing quickly, but I do say that Canadian manufacturers are not at any disadvantage in relation to competitors either in this country or in the United States, for the simple reason that wages are somewhat lower in this country. Another United States company which recently established a branch factory in Canada, the John Deere Company, furnished figures with regard to wages paid at the Welland plant. In 1935 the average was 39·2 cents; in 1936 it was 44·5 cents. The company also furnished information as to comparable wage rates at their plant in Wisconsin, indicating that in 1935 the average was 43·1 cents per hour, or nearly 14 cents more than the Canadian average, and in 1936, 57·6 cents per hour or 13·1 cents higher than the rate they were paying in Ontario. Yet the claim is being made that they must get that or this protection in this country because of the higher wages they have to pay, and the higher cost of material. One rather interesting admission was made by the vice-president of the American International Harvester Company, the president of the Canadian organization. The questions and answers on the point are as follows:

Q. I thought that from your long intimate experience you might be able to assist the committee by telling us whether it was lower in the United States or higher in Canada?

A. It would be away lower.

Q. The retail prices of comparable implements?

A. I should say that they would be lower in the United States than in Canada. I gave you that before.

Q. Would you suggest by what percentage, over a long range viewpoint?

A. I could not answer that. I could not answer it when you asked me it before, and I cannot answer it now.

That evidence is to be found at page 456 of the last inquiry. Unquestionably prices would be lower, according to Mr. Morrison's information.

One of the important points we have to keep in mind is that during the years of so-called depression an immense amount of purchases were required and should have been made, but could not be carried through because

of lack of purchasing power of the customer. This condition was not confined to the wheat growers of Saskatchewan, Alberta and Manitoba. I am not asking for consideration on farm implements and separators only for the western farmers. The man in the east who has to buy a cream separator or an implement has as much right to consideration as the man in the west. Sometimes the eastern farmers suffer more because of the fact that they carry on a more diversified form of farming. They have to carry a wider variety of implements than do the farmers of western Canada, where the same implements can be used over a greater acreage. Eastern farmers were not able to buy those implements during the years when butter, dairy products generally, animal products and poultry products were selling at very low prices. They had to do without repairs which were required, and as a result there was a backlog, as it is described, which accumulated until the years 1935 and 1936, at which time it was estimated that implements to the value of at least $197,000,000 would have to be purchased at the earliest possible date.

It was at that time that the implement companies, having in mind the burden of past years, their lack of sales and their financial costs, finally decided they were going to raise the prices. They made that decision at a time when it looked as though many farmers would have to go on the market for requirements of new machinery, and repairs to old. It is because the implement companies took action at that time, when material, labour, interest and other charges were going down, and because they chose that time to increase their prices, that much resentment has been aroused in the minds of those who have to buy their goods.

There is one interesting point to which I should like to draw attention before my time is exhausted. A former general manager of the Massey-Harris Company, Mr. T. A. Russell, as reported at page 465 of the evidence of 1936, was asked about the question of distribution, and in summarizing the items entering into the high cost of implements I believe the following observations by Mr. Russell are very significant. He is reported at page 465 as follows:

> It seems a perfect tragedy on a morning in collection time to see eight men starting out with eight automobiles who have got to be paid by somebody, to collect accounts.

Someone has to pay for the collection of the money. Mr. Russell stated that on one occasion, when he was new in the business, he approached a competitor, a man who had been in the business all his life, and asked if it was possible for them to join in a certain amount of cooperation, particularly with respect to collections. Apparently he failed in that direction, and made no further effort. He said he would be glad to discuss the matter further. I am hopeful that as a result of the inquiry steps will be taken by the implement companies to help themselves through cooperation, or in other ways.

I am not going to spend much time on some other factors which have hindered and made more difficult the position of the implement companies and their efforts to solve their own problems. In this category would come customs duties and regulations, fixed values for duty purposes, excise taxes, sales taxes and other burdens which have entered into their costs. Some time ago in the house I referred to the apparently irregular manner in which values were fixed for duty purposes as against one implement company and another, and pointed out that the condition led to discrimination and the retention of profits in the United States which should have been shown as having been earned in Canada. That condition has caused a loss to the revenues of Canada, and has also caused loss to the people buying goods so affected. The point has been considered, however, and at this time I shall not enlarge upon it.

I should like to emphasize that when in 1935 and 1936 reductions in tariffs were made on imported implements, those reductions were largely passed on to the customers; there is no argument about that. According to the evidence of the general manager of the Massey-Harris Company and the president of the International Harvester Company of Canada most of those reductions—not quite all—were passed on to the purchasers. A rather significant point in connection with the reduction of values was raised by Mr. Morrison of the International Harvester Company. Counsel was asking him about changes which had been made. The questions and answers are as follows:

> Q. Tell me this, Mr. Morrison: who would institute these changes, what would give rise to these different changes that you have related to us; action on the part of the company or action on the part of the Department of National Revenue; or, could you tell us?
>
> A. I do not believe I can give you an answer very definitely in regard to that. The change that was made in January, 1917, was the result of a visit which some of the Harvester men made to Ottawa to discuss the matter with the proper officials.
>
> Q. Can you recall what happened with respect to the change that was made on May 7, 1935?
>
> A. That was the result of representations made to the officials where this change was solicited.

Q. And the one in January of 1936?
A. I do not know what prompted that change.
Q. It was not solicited by your company?
A. I am not sure.
Q. You simply do not know?
A. That is it.

Mr. Morton: It was on the basis of representations which we had made at one time or another to the department.

I read these lines in order that the house and country may be more insistent that when changes are made by the department of revenue they be made in such a way that one may know what he should pay for goods brought into the country, and at what prices goods should be valued, according to their cost.

In the few minutes I have left I should like to draw attention to some of the recommendations in the final report and summing up of the committee, which I believe are most important. Recommendation No. 7 is as follows:

That farmers have a right to expect the price level of farm implements to be based on the most efficient and economical manufacturing and distribution cost.

I believe everyone will agree that that is a reasonable claim, because if farmers can not produce and market in the most economical and efficient manner the goods they have to offer, through the use of these implements, then we must lose our place in the markets of the world. It would be nonsense to talk about using the surplus products at home, because there are not enough people in Canada to use the great volume of products available. The resources of Canada, while extensive, are not greatly diversified. They consist of a few in large quantities, rather than many in smaller quantites. We have minerals and timber and farm lands upon which to get grain and other products, but if we are going to retain our hold on the markets of the world the goods that we sell must be produced and marketed most efficiently. In order to attain that efficiency the farmer has a right to insist that the goods he buys shall be sold and distributed in the same efficient manner.

Recommendation No. 14 of the report of the committee reads.

That the relative increase in the cost of labour has been one of the important elements in the increase of prices occurring between 1913 and 1936.

That is a statement rather than a recommendation. While that is true, I would point out that artificial increases in the cost of living have made the real wages received by the worker in industry less than his apparent wages. This is true with the exception of the period 1930 to 1935, when on account of the low prices of farm products and foodstuffs his real wages were higher than his apparent wages. While that is so, probably only one man is employed to-day in the implement industry as compared with five or six employed formerly. It would be far better to have 10,000 men working at wages comparable to what they were in 1913 or 1926 than to have 2,000 men working at wages that are apparently higher. Even if they were higher in fact, the results would not be as beneficial with a smaller number of men actually at work.

This decrease in employment has not been due to technological improvements, as is demonstrated by the automobile industry in Detroit. With every improvement in machinery in that industry there have been more hours of labour required at higher wages. The workers in that industry receive the highest remuneration.

Recommendation No. 16 reads:

That it is the opinion of the committee that the cost of cream separators to the consumers should be reduced and with that end in view recommends that this item be placed on the free list.

If nothing else is done at the moment, that is one thing that should be done in order to give our farmers, who are in a most difficult position, a chance to reduce the cost of producing their farm wealth.

Recommendation No. 17 reads:

That reduction in the tariff should and does, in the long run, tend to lower the price level to the farmer, depending on the extent of free price competition in the industry.

Even without much free price competition in the industry in Canada it is evident that the reduction in the tariff has resulted to some degree in reduced prices for goods imported.

Recommendation 19 reads:

That the provisions of the Customs Act and the Customs Tariff Act affecting the importation of farm implements should be clarified and simplified.

Recommendation 20 reads:

That regulations of the Department of National Revenue, under the above provisions, have resulted in the inequality of treatment of importers of a like class and that the whole matter should be the subject of survey by the minister of that department.

I am glad to be able to say that that principle has already been accepted and that an investigation is now under way.

The DEPUTY SPEAKER: The hon. member's time has expired.

Some hon. MEMBERS: Go on.

The DEPUTY SPEAKER: With the unanimous consent of the house.

Mr. McLEAN (Melfort): I have only a few more paragraphs. I thank the house for its courtesy in letting me finish and I assure hon. members that I shall not take up many minutes of their time.

Recommendation 21 reads:

That these regulations have resulted directly and indirectly in the retention in the United States of profits arising out of the operations in Canada of certain United States companies and that these profits have been subjected to income tax in the United States instead of in Canada.

No. 23 reads:

That recent reductions in tariff and other trade barriers resulted in the Canadian companies lowering their prices on certain farm implements imported from the United States, but the United States companies manufacturing a full general line in the United States and marketing these in Canada, did not lower their prices generally on importations other than those affected by the price reductions of the Canadian companies, indicating the lack of free price competition in the industry.

That is an indication of what I suggested at the outset, that when men of money rather than engineers have charge of producing factories we are likely to find this condition of affairs. We are likely to have competition in many ways but no competition in price or in selling.

Recommendation 25 reads:

That in order to assist the farm implement companies to satisfy the requirements of agriculture in the matter of farm implements in the next few years, the committee is of the opinion that the duty on materials entering into the manufacture of farm implements should be removed or that the farm implement companies should be granted a drawback of any duties paid on materials entering into the manufacture of farm implements.

I do not think any one will deny that if a reduction is made in the duty on farm implements, in all fairness this should be done.

No. 26 reads:

That the last recommendation is made on the assumption that any saving to the companies resulting therefrom should be passed on to the purchaser of farm implements in the retail price.

No 27 reads:

That the cost of credit to the farmer purchasing farm implements on time is excessive and the companies should take immediate steps to reduce these credit charges.

Recommendation No. 28 reads as follows:

That the profits to the farm implement companies on the sale of replacement parts is excessive and the price of these to the consumer should be materially reduced.

The cost of repair parts has been one of the worst factors facing the farmer in the past few years. Many were not able to buy new implements and they found the cost of repair parts very high. These are a few of the recommendations that I should like to emphasize.

[Mr. Deputy Speaker.]

It might be found necessary to set up a board such as the board of railway commissioners, or some other authority constantly to check wages, prices and other costs of the companies engaged in this industry and be ready to take necessary steps to see that the farmers are able to meet their needs with implements that are produced, distributed and sold in the most efficient manner. Such a board should see to it that the waste and high costs at present prevailing were in large measure eliminated.

Mr. J. J. DUFFUS (Peterborough West): Mr. Speaker, I rise to take part in this debate for the purpose of correcting certain statements that have been made in this chamber in connection with the report submitted by the hon. member for Lake Centre (Mr. Johnston): I desire at this time to convey to him and the members of the committee my congratulations upon the great amount of time and labour they have given to this subject. I have either listened to or read in Hansard most of the speeches that have been delivered during this debate, and was present in the committee when some of the evidence was given. To say the least, I submit respectfully that some of the speeches and some of the reports are at variance with the facts so far as one of the industries in my constituency is concerned, namely, the De Laval Company Limited, manufacturers of the finest cream separators in the world.

I desire to refer to remarks made by the hon. member for Selkirk (Mr. Thorson) on March 15 of this year. I do not wish to imply that my hon. friend was not sincere when he made his observations; having a very high regard for his integrity, but I do think he was labouring under a misapprehension. At page 1352 of Hansard he is reported as having said:

. . . the De Laval Company is not a manufacturing plant; it is simply an assembly plant. The cream separator end of the business is a very small proportion of its total business.

And further:

The amount paid to Canadian labour is only a small fraction of the cost of the cream separators assembled at the De Laval plant. For example, out of a total factory cost of $59.65 per separator, only $1.69 is paid to direct Canadian labour.

That information was obtained from page 1238 of the report of the committee, which says:

The committee points out that over the ten-year period, the labour cost on its separator made in Peterborough, Ontario, only amounted to $1.69.

The period referred to is from 1926-1935. That was prior to the time the company began to manufacture separators in Peterborough. In other words, they were brought in from the United States, and that item of $1.69 was only for the work of balancing the bowl after the machine had arrived at their Peterborough plant. I have read the evidence, Mr. Speaker, and cannot find where the De Laval Company gave any similar information. Let it be distinctly understood that I hold no brief for the De Laval Company or any other company, but if an hon. member makes erroneous statements about any industry in the constituency which I have the honour to represent I claim it is my duty to correct them. Indeed, I hold that the same applies to agriculturists, workers, business men, returned soldiers, people on relief, or any other class of citizens about whom misstatements may be made. I submit it is my prerogative as their representative to protect their interests.

I am very familiar, Mr. Speaker, with this industry, the De Laval Company Limited, manufacturers of cream separators in the city of Peterborough, and may say that I am very proud of it. When first elected alderman to the city council of Peterborough some years ago, this was the first industry I assisted in inducing to locate in that great industrial centre. To give the house some idea of the magnitude of the company, there are sixteen acres of ground occupied by the company, located at the corner of No. 7 highway and Park street south, and it would be worth the while of hon. members to visit that factory if they have the opportunity. Originally this plot was a cornfield. Quite naturally the crop was developed from corn to ensilage, to cows and to milk and its products and the equipment necessary in the processing of them, such as milking machines, cream separators, pasteurizers, churns, and many other accessories required in that business.

The De Laval Company in Peterborough is the largest and best equipped factory manufacturing milk handling equipment in the British empire. More than 14,000 square feet are embraced in its factory buildings, one wing alone of the factory being 600 feet long. The manufacturing operations include all processes, including foundry work and castings. Over one-half mile of railway enters the property, serving the shipping warehouses and incoming materials. The factory also includes steel working equipment, plating equipment, electric welding and many other processes required in converting the raw metals into the finished separator.

The employees of this company are of a very high standard. There are 246 factory workers, and 126 of an office and sales force, or a total of 372 employees dependent on this industry, and as well there are 2,500 representatives throughout Canada.

Contrary to the implications contained in the remarks of the hon. member for Selkirk, the manufacture of cream separators comprises about one-third of the total business of this company. What is more, and very significant, the Canadian content, including material, labour and so forth, amounts to 51·58 per cent of the total construction of their cream separators, as follows: Parts purchased from other Canadian factories, 12·59 per cent; Canadian labour, 22·57 per cent; Canadian supplies and expense materials, 14·23 per cent; Canadian duties, 1·51 per cent.

May I point out, as hon. members have been referring to an increase in the price of farm implements during the past year, that the De Laval Company has not increased the price of its separator during the past two years.

There are very many important and essential manufacturing industries in Canada whose product does not contain 51·58 per cent of Canadian content, and no hon. member of this house would knowingly be guilty of misrepresenting or deprecating their importance. Far from being assemblers only of separators, this company performs as many as five hundred operations on a single separator. The parts on which operations are performed in Peterborough number fifty-nine. Included in these fifty-nine items are some of which several of each are used in the manufacture of each machine. I should like to give a list of the parts used in the manufacture of De Laval separators in its Canadian plant in the city of Peterborough and the number of operations on each:

Casting for disc washer, 3; cap for disc washer, 10; body for faucet, 8; plug for faucet, 12; bowl nut, 12; latch for supply can bracket, 3; latch for can, 4; worm wheel, 20; intermediate disc, 6; top disc complete, 16; driving dog bushing, 6; tubular shaft complete, 29; wrench for bowl nut, 6; speed indicator complete, 7; supply can bracket, 6; pin for latch, 3; supply can spider, 14; neck piece, 16; outer gear guard, 8; crank handle complete, 3; collar for ratchet crank, 11; crank arm complete, 15; gear shaft, 4; gear, 10; bottom screw, 10; stool, 13; pail shelf and bracket, 9; bushing for pail shelf, 4; shell for cream cover, 5; spout for cream cover, 6; skim milk cover complete, 4; shell for S.M. cover, 5; spout for S.M. cover, 6; cream cover complete, 4; float complete, 9; supply can, 12; leg for supply can, 5; faucet

complete, 6; bowl shell, 17; cup for regulating cover, 6; regulating cover, complete, 6; rod for disc washer, 10; tube for disc washer, 6; disc washer, 10; wire handle, 5; cream cover complete, 4; shell for regulating cover, 6; P.S. hub cap, 3; retaining collar (C.S.), 7; retaining collar (G.S.), 6; pinion and shaft, 9; nut, 8; W.S. spindle, 20; dust cap, 5; top bearing spring, 8; bezel, 4; frame, 18.

I hope the information given to the house will convince the most skeptical hon. member that the De Laval company is absolutely a manufacturing industry and not merely an assembling plant.

Seventy of the splendid employees of this company are specifically engaged in the manufacture of cream separators, thus maintaining and keeping off relief about 265 Canadian citizens.

In addition, this firm has $42,060 invested in new, up-to-date machinery and equipment for turning out its machines on a highly satisfactory basis to the Canadian farmer. Moreover, it carries in stock at all times over $100,000 worth of spare parts for satisfactorily servicing these machines in the hands of the Canadian farmer. A significant fact is that the company can readily supply all parts for all types and models of its machines manufactured and delivered to the consumers by them during the past thirty years. I submit, Mr. Speaker, that this is a service vastly different from that given by many firms, which do not pretend to assist the farmer by making it possible for him to retain his machinery on a satisfactory and economical basis over such a long period of time. I should point out that thousands of Canadian farmers have found on their hands obsolete and orphan machines constituting a complete loss, as a result of buying from sources from which no reliable and continuous service has been given.

May I also draw the attention of the house to the fact that obsolescence in service parts and supplies amounts to $10,000 annually, and in addition, thousands of dollars' worth of jigs, tools, dies and so forth.

Permit me to say that those who gave evidence before the committee on behalf of the De Laval Company were not given a fair opportunity to obtain and give correct information in that they were called by telephone and asked to present themselves at once. This did not give them time to equip themselves with full and detailed information with which to appear before the committee. Surely, Mr. Speaker, you will agree with me that they were thus placed at a great disadvantage in obtaining and submitting the correct information. Furthermore, I believe that the method followed was more in the nature of an inquisition than a fact producing procedure.

Mr. JOHNSTON (Lake Centre): I might point out to my hon. friend that a considerable time before the De Laval people were called before the committee they had been supplied with a questionnaire. If they had not prepared themselves surely that was not the fault of the committee.

Mr. DUFFUS: Shall I submit, Mr. Speaker, that at any rate they were under a misapprehension. It is true that in the evidence given by Captain Cutmore, of the De Laval company, he submitted an item of $4.30 for direct labour. He was right in his contention in this regard, as he understood the question, but what he understood was meant was, the labour applied direct to the parts while they were being manufactured and assembled. The answer he gave did not include such items as supervision, clerical, receiving and stores, shipping and trucking, inspection, cleaning, small tools, casting preparations, sundry labour, bonuses, watchman, foreman, gateman, experimental engineers, draftsmen, and additional obscure expenses such as power, water, fuel, fuel oil, taxes, insurance, maintenance, interest, etc. In other words, these were not and should have been included in factory cost set-up, just as much as the labour in manufacturing the parts from which the separator is made.

I would strongly recommend for the consideration of the government and the house that the duty be removed entirely from all imported parts used for repairs by the farmer in the field. This would greatly reduce the cost of repairing and reconditioning his machines, and result in a substantial saving to him. Indeed I would go further and just as strongly recommend, for the consideration of the government and the house, that all imported parts and material required for the manufacturing of all farm machinery and equipment be admitted duty free. This would very materially reduce the farmer's production costs, which is most essential in increasing his prosperity.

I am wholly in favour of the recommendation of the committee that some agency of government should carefully analyse and correlate the evidence as it appears in the records of the committee, and in addition should obtain the results, when available, of the inquiry now proceeding in the United States, and in due course present a report on both matters to the Minister of Agriculture (Mr. Gardiner), a copy of such report to be filed with the records of the committee.

Mr. LEADER: Before the hon. member sits down I should like to ask him a question. I hated to interrupt him when he was dealing with the splendid factory they have at Peterborough, and its efficiency, but in the evidence we received from the De Laval people they told us that they were importing from Sweden cream separators under 500 pounds capacity. I should like to know if they are still doing that.

Mr. DUFFUS: I believe there is a demand for a small separator of that type, and that some are being imported from Sweden and distributed to their customers.

Mr. H. W. WINKLER (Lisgar): So much has been said on the subject of the motion of the hon. member for Lake Centre (Mr. Johnston) for concurrence in the report of the special committee that it is difficult to break new ground. I had thought at first that western members would be the only ones concerned, but I am glad to see that there has been an expression of opinion from nearly all parts of the country. That is as it should be, for nowadays agricultural implements play an indispensable part in farm operations, no matter how small. Per improved area, figures as to the investment in agricultural machinery show that the prairie provinces have the lowest price relationship of all.

In a bulletin based on census figures, entitled New Machinery and Repairs in Relation to Farm Expenses, by Ian McArthur, the province of British Columbia leads with an investment of $18.28 per improved acre; Nova Scotia follows with $12.50, Ontario with $11.45, Prince Edward Island with $10.60, New Brunswick with $9.96, Alberta with $6.55, Manitoba, $6.44, Saskatchewan, $5.53. In the same bulletin four figures are given as to the cost of farm machinery in proportion to farm expense. Nova Scotia is lowest with 5·56 per cent, Quebec has 5·8 per cent, Ontario 5·9 per cent, and Saskatchewan 11 per cent. Those are the only four figures supplied.

In the same bulletin is given the accepted figure for the average life of farm machinery. This is placed at fifteen years. I would contend however from personal experience and from the experience of western farmers with whom I have spoken that while this may be a fair figure for farms east of the great lakes, it is not so for the prairie provinces.

Just as the cost of machinery in proportion to farm expense is proportionally twice as high on the prairies, so I would say the average life of an agricultural machine would be half of what it is in the east. Dragged over a much larger field area, machines wear out that much faster.

In regard to the value of implements and farm machinery in the three prairie provinces, I am taking the figures supplied by the Dominion Bureau of Statistics for the year 1936. The value of farm implements and machinery in Manitoba that year was $35,828,300; in Saskatchewan, $119,321,100; in Alberta, $80,039,700. The total for the three provinces was $235,189,100. Assuming implements last fifteen years, then one-fifteenth of that amount, or $15,678,000, would have been spent in replacement in the year 1936 had that been a normal year.

On page 2424 of Hansard of April 29, the Minister of Agriculture (Mr. Gardiner), referring to the write-up in price of a binder as a representative implement between 1913 and 1936, and deducting from the 1936 figure the uncontrollable increase, concluded there still was a nineteen per cent increase in price. Nineteen per cent of the normal replacement cost of $15,678,000 would be $2,978,000, which would be a very conservative estimate of the cost of the write-up to the farmers of the prairie provinces in 1936. If the average life of an implement were ten years instead of fifteen, and I maintain this is still a conservative estimate, the annual burden on western farmers would be close to four and a half million dollars, or about twenty-one dollars average per farm.

The heart of the difficulty lies in the fact that since 1932 the cost of manufacturing agricultural implements has gone down while the price to the farmer has gone up. In the case of a binder this difference has been $27. Reference has been made to the tariff on agricultural implements being placed at 25 per cent by the late administration, and to a reduction by the present government, first to 12½ per cent and then to 7½ per cent. Reference has also been made to the increase in prices by the implement companies on three occasions within the same period. We have seen taunting articles in the press referring to this situation and pointing out that the Liberals claimed that a reduction in tariff would mean a reduction in price, whereas exactly the opposite occurred. Within the last few days I have been speaking with a member of this house who heard that some of the western members were going to ask for a complete wiping out of the remaining 7½ per cent tariff. He thought that it would not have the desired effect any more than did the previous tariff reductions, first of 12½ per cent and then of 5 per cent. We were going about it the wrong way, he thought. If what we wanted was lower prices, he thought we should try raising the tariff. If that be true, then I say

that we have excellent grounds for suspecting the existence of a combine in view of what has happened already. If it be so, then that settles the matter. This government should, in my opinion, take steps to find out at once whether it is so. There is a Liberal policy to deal effectively with such a situation.

Mr. H. J. PLAXTON (Trinity) In rising to take part in this debate I wish to state at the beginning that although I represent an urban constituency I have served my apprenticeship on a farm as a hired man. The experience and knowledge which I gained in that field of employment have influenced me greatly, and I say in all sincerity that there are very few members in this house who are any more sympathetic to farmers' problems than I am. I have the honour to represent the constituency of Trinity in the city of Toronto, and those residing in that area, thousands of whom are wage earners, sent me here to protect and further their interests to the best of my ability. That I believe I have done, but still I would be derelict in my duty were I not to speak on this question.

As is true of most problems there are two or three sides from which this subject can be argued. My purpose is to present the case of the wage earner, who is directly or indirectly identified with the manufacturing of farm implements in Canada. May I say I am interested only in the practical aspects of this problem and not in theories. I am interested in the things that I can see, not in a maze of statistics and the erroneous conclusions which they very often support. I am interested more in the welfare and happiness of my constituents. I am interested in the numbers that are unemployed and on relief. I am interested in the equity in homes, representing in many cases life savings, homes that have been foreclosed during the past few years.

In my opinion the blight of the recent depression fell upon the homes of the working men of the country just as well as on the farms, and I intend to oppose any move which proposes to cast another blight upon the homes of literally hundreds in my constituency. Let me express this obvious truism at the outset. Agriculture as an industry is, I submit, no longer confined to the farm alone. I claim and will prove that hundreds, if not thousands of wage earners in Toronto, and particularly many of my own constituents who are engaged in the manufacturing of farm implements, contribute just as much to the production of wheat in Canada as does the farmer himself. In the early days of the opening up of the west farming was largely a matter of manual labour. The harvest train took thousands of men from the east to the western plains to assist in the harvesting of the crop. Modern machinery has changed all that. To-day the work of the farm is shared between factory and field. Many of the men who used to be on the western plains or in the fields of eastern Ontario in harvest gangs or threshing crews, or who plowed the straight furrow behind the walking plow, are now in the ranks of the farm implement industry, which now enables the farmer to do work not only at a minimum of cost, but with a minimum of effort, assisted only sometimes by the members of his immediate family.

To-day, in my judgment, the artisans in the farm implement plants of Toronto and Brantford, are farmers just as much as their colleagues in the field, and great has been their contribution to the primary industry of the dominion—agriculture. During the last five or six years development on development has taken place, each one making a tremendous contribution to the major problem of reducing the cost of producing a bushel of wheat. Take the one way disc seeder, which replaced three machines, the plow, the cultivator and the drill. Then there is the modern rubber-tired tractor, light in weight, economical in fuel, high in speed, which replaces to-day the hundreds of horses and the men who were required to look after them in the past. Then there is perhaps the greatest development of all, the small eight-foot binder, driven directly by the power shaft from the tractor, enabling one man alone to harvest and thresh a crop, aided perhaps by his boy, who drives up to the combine when the grain compartment has been filled, empties it, and delivers it to the elevator.

It is interesting to note in this connection, that, according to figures which have been checked by the agricultural colleges in this country, the farmer using this type of equipment reduces his cost of operations in preparing his seed bed, seeding, harvesting and threshing, over the older methods, from fourteen cents a bushel down to five cents, or a saving of nine cents. Here, I submit, is a record of which this industry can be proud, an economy which overshadows almost to the point of eclipse the price increases which have taken place since 1936, owing to the mounting costs of raw materials and labour, of which we have heard so much in this house, and which, to use the figures which the hon. member for Lake Centre quoted on March 11, amount to $4,000,000. Con-

sidering this sum in relation to the average yearly wheat production in Canada, it amounts to approximately only one cent a bushel.

Much has been heard of the privation and hardship which the farmers have undergone in Canada, all of which is tragically and abundantly true. But what about the hardships and privations of the farmer's counterpart, who, during the years of depression, sought his livelihood in the farm implement plants of the country? What about the tragedy of long periods of unemployment, low wages, shorter hours, loss of homes, and in many cases relief? Truly, the farm implement workers have suffered along with the farmers, and the toll they have paid to the depression has been no less than the farmer's. Had it not been for the splendid artisanship of these men, their ability to produce quality goods which have set up a demand for Canadian implement products in every agricultural country in the world, their plight would have been more serious and their weekly pay envelopes less well filled than they are at the present time. Just as Canadian farm implements pioneered the plains with the early settlers, so did they break new ground in many foreign countries. The word "Canada," whether painted on the frame or cast into the implements which were built here, made this country's name a household word in the agricultural countries of both hemispheres.

With what handicaps have these men had to contend? The upward surge of national self-sufficiency and the urge towards a more balanced economy have resulted in nation after nation endeavouring to develop and foster its own agricultural implement industry under the cover of tariffs. In the case of Australia that tariff now is around 45 per cent; in New Zealand it is over 37 per cent, and even in the Argentine, a country in which there exist none of the raw materials necessary for such an industry, the tariff is 10 per cent. Other countries such as Germany, France, Hungary and Denmark have gone still further by either totally prohibiting the importation of farm implements or restricting their entry through quota systems. Is it to be wondered that the workingmen in these great plants are literally dismayed, as I am, when they hear proposals that the already extremely low tariff of 7½ per cent, which protects their livelihood in this country, should be removed; particularly when they are conscious of the fact that, with the exception of the United States to which our implement prices are comparable, the machines which they produce in the Toronto and Brantford plants are placed in the hands of the farmers of this country at prices well below those at which they are sold in any foreign country?

In this connection permit me to give the following comparison of the selling prices of some typical machines:

	Winnipeg	Great Britain	South Africa	New Zealand	Argentina
Oil bath mower	$116 84	$150 13	$147 50	$144 00	$167 86
Six-foot binder and truck	288 72	343 96	359 38	324 00	338 80
Ten-foot rake	62 22	94 84	75 00	....	98 56
Tandem disc harrow	135 06	186 46	....	184 00	....
Hammer mill	190 06	248 73	275 00	....	267 96
Drag harrow	19 74	....	25 00	29 00	27 72
Lever harrow	56 92	65 57	....	78 00	....
Eight-foot one-way disc	331 51	368 43	417 50	....	437 05

Unsatisfactory as the income of the farmer still is, the prices of his products have risen substantially since the lowest point of the depression in 1932. Was it unreasonable, therefore, that his colleagues in the farm implement industry, faced with rising costs of living, should have sought in 1936 and 1937 wage increases which, modest as they were, naturally were reflected in the cost of the goods produced? From the point of view of the balanced economy of this nation is it not a great blessing that the men who previously worked in the fields of Canada and who were released from that occupation through the adoption of modern, up to date machinery, have found jobs in the factories which produce this equipment? If these factories had not existed in Canada these men would have been obliged to swell the ranks of the unemployed.

In evaluating this industry correction must be made of a statement made in this house by the Minister of Agriculture (Mr. Gardiner), namely that the implement industry in Canada employed only 4,159 men. In this connection I must add that the minister took these figures from the 1937 report of the special committee, and these figures indicated the employment as of the year 1935. The fact is that one company alone has more than 3,500 men actually on its payroll in Canada to-day, and it is estimated that the total number of wage and salary earners in the implement industry is in the neighbourhood

of 11,500. This does not take into consideration the vast army of men who sell the products of these companies on a straight commission basis, and whose number, it is estimated, exceed the 11,500 I have just mentioned. Then back of these men is the great army of workers who produce or sell the manufactured parts and the raw materials, such as the steel, lumber, paint, pig iron and coal, that go to make up these implements.

In conclusion, Mr. Speaker, permit me to make this final observation. In these days when there has been no more urgent demand or need for a unified Canada I plead for a discontinuance of any ill-considered propaganda which can only serve to promote differences and discontent. I further plead for unity between all sections of Canada; between the country and the city; between the farmer in the field and the worker in the factory. I plead for unity for the common good of the Canadian people, who owe their allegiance to one country and one flag.

Mr. W. J. WARD (Dauphin): Mr. Speaker, in rising to take part in this debate I should like first to refer to the address delivered by the Minister of Agriculture (Mr. Gardiner) on Friday evening last. I think his speech merits the commendation of all those who believe in the cause of agriculture and its struggle for a fair deal, something it has never had under federal policies. It is true that at times—pretty generally under Liberal governments—agriculture has received better treatment. Liberal governments and lower tariffs are synonymous terms, and we must give credit to the present government for the extent to which they have gone in an effort to relieve agriculture, for which I speak more particularly, of the burden which it has of late been carrying.

Before proceeding with my general remarks I should like to make reference to the speech delivered by the hon. member for Macdonald (Mr. Weir). I am sure he did not intend to do an injustice to any individual or any organization, but he referred to a letter which had been distributed among the members of this house, coming from the secretary of the United Farmers of Manitoba. May I quote what the hon. member said:

> "He suggested that something had to be done, and asked what the government was going to do. At the same time that gentleman, for whom I have the highest personal regard, offered no suggestions. He is secretary of a farm organization which, to my mind, has a great opportunity to encourage the development of cooperative organizations which could bring about a greater saving in the price of farm implements than any other policy which might be adopted."

[Mr. Plaxton.]

With that I entirely agree, but I want to remind the hon. member that the policy and motto of the united farm movement of Manitoba has always been one of organization, cooperation and legislation. Proof of that is to be found in the resolution passed at the last annual convention of the United Farmers of Manitoba at which I was present. May I read two clauses of a resolution dealing with the farm implement situation:

> That we specifically direct our protest to the Manitoba representatives in the House of Commons, urging them to use all their power to bring about effective action on these problems.

I should like to point out here—and I believe I am not unfair in my statement—that the hon. member for Macdonald and myself would perhaps never have been heard of outside the boundaries of our own province had it not been for the united farm movement. We are a product of that movement.

Mr. WEIR: The hon. member is not suggesting I was critical of the united farm movement, is he?

Mr. WARD: No, not at all, but I just wish to make the matter clear. We are a product of that movement. The fourth paragraph of the same resolution states:

> That we direct the board of our organization to give careful thought to the suggestion that failing action reducing implement costs farmers should be encouraged to organize for the cooperative distribution and servicing of farm implements.

The point I wish to make is that we are here very largely because there was a farm movement in Manitoba. The secretary of our farm organization in talking to members of this house points out that it is our duty to direct the attention of the government of the day to those matters, and to urge upon them to bring about, through the medium of federal policies, whatever relief is possible.

I should like to say a word with respect to the speech of the hon. member for Greenwood (Mr. Massey), one short paragraph of which is as follows:

> We are all Canadians. We may be industrial workers; we may be farmers. It is true we may have our sectional interests, but our primary interest should be the interest of Canada; and we may well deplore efforts to pit one section of the country against another, and to play upon sectional emotions and class emotions for the doubtful benefit and under the doubtful dictates of political expediency.

This is the thirteenth session in which it has been my privilege to be a member of this house. I am sure I have never listened to anything which could do more to disunite the country than the speech of the hon. mem-

ber. He might better have directed his attention to the protected interests, who have, ever since confederation, urged upon governments in Canada that they must be given bonuses, the result being a direct tax upon the farmers in the form of higher priced goods.

Later in his speech the hon. member said:

> Time and time again ridiculous statements have been made in this house to the effect that the Canadian farmer receives little or no protection. This hypocrisy was reduced in great part by the hon. member for Brantford City (Mr. Macdonald) who made a most able and capable speech from the Liberal benches.

I wish to say to the hon. member that we regard the hon. member for Brantford as one of the most beloved and highly respected members of the Liberal party. He is moderate in all his statements, and has a keen appreciation of the general requirements of a member of the house. He understands, as most hon. members do, the need for compromise. It is not a matter of hypocrisy; it is a matter of fighting for the existence of the under privileged farmer.

Later in his speech the hon. member for Greenwood stated:

> Mark you, with these questionable assumptions, those who advocate the elimination of the duty on farm implements, those who erroneously believe that this elimination would mean a reduction of 7½ per cent in the list price of imported machines, are subscribing to the throwing out of work of thousands of industrial workers.

In that statement the hon. member ignores entirely all political history. As was so well stated by the Minister of Agriculture, political history shows that every time tariffs have been reduced in Canada we have increased employment in our industries and at the same time encouraged agriculture. I do not believe there is an example on record where a reduced tariff has reduced employment.

At this point may I make reference to the oft repeated statement that in order to create employment in Canada we must or can provide it only through the raising of tariffs. Even if that were true, the fact remains that for each thousand dollars worth of Canadian production three times as many employees are needed in agriculture as in other industries. Is it any wonder then that between 1930 and 1935, when we had extremely high tariffs, unemployment increased by leaps and bounds? It could not be otherwise. Under the present administration, however, the unemployment situation has improved, and at this point I wish to give credit to the administration for that improvement. The government has created markets for Canadian produce to a degree which would not have been possible under the conditions existing prior to the time the present government took office. The hon. member went on to say:

> All this for a highly speculative saving to the farmer of $3.68 per year.

Of course, that statement is so ridiculous it scarcely merits attention. Taking my own farm as an average, I should like to place some information before the house. I farm three hundred acres of land, and upon figuring the cost of machinery on that farm I have found that its value at time of purchase was a little over $4,000. To be fair I have taken $1,000 off that. I am sure the average farm in Manitoba to-day has at least $3,000 worth of machinery on it. That $3,000 worth of machinery at 7½ per cent duty gives annual tariff cost of $22.50, or the amount of duty which would be saved if the proposed reductions were made. In addition to that we must add the cost of servicing and repairing machinery. On my own farm I again know that those costs are never less than $100. I cannot remember a year when servicing and repairing costs were less than $100 per annum. This means that we have to add another $100 to the duty cost, bringing the saving up to about $30 if made free. In that figure I am not adding any of the profit imposts which go on and on and on, until the machine reaches the farmer.

The other day I read a statement to the effect that the average yearly income of a farmer in Canada was less than $400. If it is as low as that, it is a crime. Let us say that the farmer spends of that amount $300 in the purchase of goods for his family. I believe it is fair to say that he pays at least 50 per cent more because of duty on textiles, boots and shoes and other goods necessary to his production than he would pay if he could buy those goods at world prices. That would add another $150 to his costs; so that perhaps the duty paid by the average farmer in Manitoba is not less than $200 a year. The sum of $200 is the price we pay to the industrialists of Canada. The average farmer in Manitoba pays at least $200 in duties each year in indirect taxation to the protected industries in the dominion.

When the hon. member for Haldimand (Mr. Senn) spoke the other day, he gave what I thought was a peculiar reason for the setting up of the committee which last year investigated the high price of farm implements. He said the committee was set up because of propaganda on the part of Liberal candidates during the campaign of 1935. That is so far-fetched that it scarcely merits attention. I am sure hon. members know full

well that the demand for a committee was brought about by the increase in the price of implements which took place on January 1, 1936, coincident with the coming into effect of the Canada-United States trade agreement, through which the tariff was reduced from 25 per cent, where it was placed by the previous government, to 12½ per cent. This was later on reduced by another five per cent by the budget of that year. The result was exactly the opposite of what was expected. This gave rise to a feeling among the farmers that prior to that date the implement people had gotten together and arrived at a gentleman's agreement or other arrangement to cease the dog fight in price competition. They were perfectly safe in doing this because we do not import implements from any other country than the United States. Apparently the implement people did get together and decide upon a standard price level. I think this was quite evident by the committee records. This left them free to sell their implements at high prices with all fear of competition eliminated. There was no doubt whatever in my mind, at the conclusion of the deliberations in the committee, that such an agreement did exist because prices were found to be similar on both sides of the international boundary.

All members of the committee, without thought of party or without any effort to make political capital, cooperated to the full in an effort to ferret out the facts, and the recommendations of the committee, which have been placed before the house by the hon. member for Lake Centre (Mr. Johnston) who was the chairman, form the basis of this debate. I feel that the present and quite unjustifiable high prices of farm machinery are a serious handicap to the farmer in his effort to retread his position of near insolvency or to attain something in the nature of economic success. I think a question we could properly ask is, are present implement prices necessary to retain the solvency of the industry? I went to some trouble to obtain the annual reports of one large implement company and several other related companies.

In 1937 the Massey-Harris Company made a clear, net profit of more than $1,000,000, after all necessities were taken care of. That does not look like the doleful picture given to us last year by the implement companies when they told us of the dire possibilities that faced the industry in the next few years. The annual report of the Canadian General Electric Company shows that in 1937 they made a clear, net profit of $2,431,000. That does not look as though they were suffering from the depression. The annual statement of the Steel Company of Canada shows that in 1937 they made a clear profit of $4,180,098 as against $2,188,000 in 1936. That does not indicate they are suffering from the depression. The statement of that huge octopus, Canadian Industries Limited, shows a clear profit for 1937 of $7,601,000, an increase of $1,300,000 over 1936. Do these figures show that these companies are suffering from the depression? Do they show a necessity for the high prices now being charged for metal products?

To return to the report that has been presented, it has been dealt with quite fully by speakers on both sides of the house and I shall not weary hon. members much further in that regard. I should like to have one particular statement placed in Hansard.

Mr. SPEAKER: The hon. member must read the statement. It is not customary to allow statements to be placed on Hansard without their being read. It is only with the leave of the house that the Minister of Finance (Mr. Dunning) is allowed to table documents during his budget speech.

Mr. WARD: I shall be glad to read it, but it has been given to the house before. I should like to have it accompany my remarks to-day. The house has heard this statement read before, and I ask permission to have it placed on Hansard.

Mr. SPEAKER: With the unanimous consent of the house.

Mr. DUNNING: What is the table?

Mr. WARD: It is a table from the report.

Mr. DUNNING: Is it already on Hansard?

Mr. WARD: It is already on Hansard. I should like here to point to one item only. In 1936 this company was able to sell an eight-foot binder at a clear profit of $79.26 after all costs had been taken care of. Surely that is a sufficient profit to enable the company to carry on successfully and reduce implement prices.

INTERNATIONAL HARVESTER COMPANY OF CANADA, LTD.

Year	Material	Labour	Overhead or Burden	Experimental work	Commission	Freight	Total Cost	Price to the Farmer (cash price Regina)	Difference
1913.....	−45.56	11.97	17.96	0.34	30.45	17.80	124.08	167.02	− 42.94
1919.....	−94.83	24.85	37.27	1.01	34.00	22.33	214.29	261.00	− 46.71
1920.....	−92.74	31.78	47.67	1.31	33.00	19.17	225.67	269.00	− 43.33
1921.....	112.12	31.65	47.47	1.29	44.00	20.00	256.53	326.00	− 49.47
1922.....	−80.51	22.56	33.84	1.98	41.00	25.02	204.91	266.00	− 61.09
1923.....	−80.54	21.85	32.77	1.15	47.00	25.02	208.33	274.00	− 65.67
1924.....	−83 62	22.20	33.30	1.15	41.00	26.13	207.40	308.00	−100.60
1925.....	−80.47	22.57	33.85	1.73	40.50	25.02	204.14	283.00	− 78.86
1926.....	−77.50	28.85	43.27	0.79	40.50	24.70	215.61	283.00	− 67.39
1927.....	−75.42	26.22	39.33	0.63	40.50	24.70	206.80	283.00	− 76.20
1928.....	−76.48	23.03	34.55	0.76	44.50	24.98	204.30	283.00	− 78.70
1929.....	−75.60	24.81	37.22	0.91	44.50	25.42	208.46	283.00	− 74.54
1930.....	−76.35	24.39	36.44	1.31	46.50	25.42	210.31	278.00	— 67.69
1931.....	−81.50	27.09	40.64	3.88	46.50	25.42	225.03	278.00	− 52.97
1932.....	−87.01	27.16	40.74	9.64	46.50	25.12	236.17	273.00	− 36.83
1933.....	−79.35	20.65	30.98	2.50	44.50	25.12	203.10	263.00	− 59.90
1934.....	−75.11	21.51	32.26	2.71	44.50	25.12	201.21	263.00	− 61.79
1935.....	−70.56	20.48	30.72	1.56	44.50	25.87	193.69	263.00	− 70.11
1936.....	−71.06	22.62	33.93	2.55	45.50	26.08	201.74	281.00	− 79.26

At the conclusion of last session I made an extensive trip through the United States for the purpose of investigating the prices charged for farm implements and the methods of distribution. I visited many large industrial centres as well as other smaller towns and cities. I found that their method of distribution was almost identical with that in use in Canada. I found also that the prices of implements compared favourably with those charged in Canada. I called on many farmers and I found them using the same adjectives when referring to the implement manufacturers as are used by the farmers on this side. I found that on January 1, 1936, they, too, suffered an increase of ten per cent in the prices of implements, which was coincident with the rise in prices in Canada. I say they suffered because they are struggling for existence the same as the Canadian farmers.

I found that the prices charged for binders, plows, seed drills, cultivators and manure spreaders were the Canadian prices, less the freight, the 7½ per cent duty and a few other incidental charges. For example, a seven foot binder was selling for $246 in Iowa when the same binder sold for $298 in Saskatchewan. Prices of other implements were in proportion. Something has been said about the implement people getting together in August, 1935. Reference to the report of the committee will show that the officials of two of the large companies admitted that they did get together for the purpose of considering matters of common interest. But what would be of more interest to the industry than the elimination of competition? Of course they did not admit they had arranged a standard price scale which would apply to both countries; but the proof of the pudding is in the eating, and I am inclined to believe, and I hope the house will appreciate this, that this meeting in August, 1935, was in anticipation of a possible change of government in Canada, in which event certain tariff changes were almost certain to be made. They were on safe ground in this, that implements are perhaps the only commodity manufactured on this continent where a general agreement or cartel could be successfully put into operation, because we do not import implements from any country except the United States and the United States imports none except from Canada.

From inquiries I made in the United States last year, if there had been complete free trade in implements entering Canada, a binder would have sold for about twenty-five or twenty-six dollars less than it sold for last year, and even that amount would have been a great benefit to the farmer who finds himself in need of a binder but has great difficulty

in making both ends meet. A saving of twenty-five dollars would have meant a great deal to him.

I should also like to remind my Ontario farm friends that we in the west pay out in freight nine cents out of every dollar expended in the purchase of farm implements, and that in itself is sufficient to make or unmake the farmer.

I would also remind the house of another condition in the west from which we suffer. We are marooned in the heart of a great continent, far removed from tide-water, with a long rail haul and high freight rates, and freight rates have been increased about 50 per cent in the last few years. If, in addition to long rail haul and the high freight rates, we have the cost of maintaining the industrialists of eastern Canada, it becomes a very heavy burden indeed. We have to compete in the open markets of the world when we sell our products. We compete with the Argentine, where labour is practically all native or peon, working for a few cents a day, and where I understand the farms are located pretty much on the great rivers that traverse that South American country, and a great deal of the grain is delivered on flat bottom boats which carry it to tide-water at a low rate. In any event there would be only a short rail haul. We have also to compete with Russia, with its state labour. We have to compete with the outside world in everything we sell. We sell in the lowest market, in the open markets of the world, but when we buy our implements and other necessities we must buy in the most highly protected market of the world. This makes it very, very difficult for the people of western Canada particularly to carry on under such trade arrangements.

I might remind the house that when we sell our wheat we must pay the freight to tide-water, and the average freight rate on wheat from prairie points is eighteen cents a bushel. There was a time for several years from 1931 to 1933, inclusive, when the price of wheat in western Canada averaged forty to fifty cents a bushel, and to have to deduct eighteen cents from that amount for freight alone it was an extremely serious matter for the farmer.

I should like to say further, in my condemnation of the system of bonusing the industrialists, that perhaps we have built up a false state of society; perhaps we have, through the bonus system, raised the cost of living in our cities to the point where it is necessary to maintain a very high price level for manufactured goods. I spend some of my weekends motoring through good old Ontario. I do so for the purpose of information. I like Ontario and its people and the countryside, but it grieves me very much when I see the dilapidated farm homes and the number of abandoned farms. Then I drive into one of your industrial centres, small or large, and there I see an almost vulgar display of wealth, in the form of luxurious homes, housing perhaps the owners of these factories, with their yachts on the St. Lawrence river or lake Ontario, and two or three cars, simply living in the lap of luxury while the whole countryside around them, the very market for their products, going down and down and down. I made a trip through Huron county not so long ago. And I do not wonder that the hon. member for Huron North (Mr. Deachman) makes the speeches he does in the house. On one road I counted five farms one after the other with good buildings, brick or stone houses, big barns, but nobody living on any one of those farms. Why? They had all moved into the cities because of the unnatural conditions created there through the bonus system. What the end will be here in Ontario I do not know, but I think it may be even worse for us in the west.

I am not surprised at what has happened politically in Alberta in recent years. Do not forget that in Alberta the freight rate alone on wheat—my Alberta friends will correct me if I am wrong—averages nineteen cents a bushel from points in central Alberta to the head of the lakes. How could they carry on under those circumstances and pay the prices they have to pay for the goods they have to buy? I believe the Canadian farmer is the most industrious and intelligent man to be found in any part of the whole world, and if he is given an even break, if he is given the privilege of buying in the same market in which he sells, if he is given the privilege to buy at world prices, he will be able to compete with any country in the world. But the dice are loaded against him. Under present conditions he cannot compete in the markets of the world. How can he, when he has to pay around 50 or 60 per cent more for his goods than he would have to pay if it were not for the tariff? I have before me an invoice of goods imported into Canada within the last few days. It covers a shipment of cotton underwear, and what could be more universal than that? The tariff has been reduced considerably on cotton underwear since the present government has come into office; but I find that on this shipment of goods, the price was raised by the time it reached the ultimate

consumer, by reason of duty, excise tax, sales tax and the profit added, by something around 65 per cent.

Mr. DUNNING: No, no. The sales tax must have been included.

Mr. WARD: I am very glad the minister has raised that point, because in my computation I took the price paid for the goods, the original cost plus the duty; I added to that the excise tax; I added the sales tax; then I added the profit taken between the custom house and the consumer, and it amounted to about 65 per cent of the original cost.

After all, the duty does not end at the boundary; it just nicely begins there. That is the point which I believe we have been missing, quite innocently, but the impost goes on until it reaches the consumer. If I am in business and I invest $1,000 in goods in the United States and I have to invest $200 more when they reach the boundary, I am going to add my profit to the $1,200 and not to the $1,000 only. So the impost continues, as I have said, until it reaches the consumer; we must get that point clear in our minds. That is why the country is going down as it is, while our cities build up. I am astonished that our leading statesmen are not more alarmed at what is happening in this regard. One cannot go around the country and see barn doors falling off, gates hanging on one hinge, buildings which have not been painted for the last fifteen years, and half the farm, if it is occupied at all, seeded down to grass because the farmer cannot afford to operate it, without realizing that we cannot have such conditions and maintain a healthy country society. Perhaps by reason of the bonus system, we have built up a false social structure in our large industrial centres. What I should like to see is the creation of conditions in this country which would make it so attractive to our young people that they would want to live on farms. We must find some means of attracting our people to the farms in greater numbers.

I might remark here that until recently we in the west regarded ourselves as being in the heart of a great continent, but within the last few years we have been brought a little closer to tide-water through the port of Churchill. Very little, however, has been done to encourage trade through that port. I am sorry the Minister of Mines and Resources (Mr. Crerar), who represents that constituency, is not in the house, because I should like to suggest to him that the establishment of a bonded warehouse at Churchill would do a great deal to encourage trade through that port. Many heavy commodities like binder twine, plate glass, barbed wire, rolling mill products and china, of which we import a great deal, could come in through that port at a great saving to the west. It is a thousand miles closer than Montreal to the centre of consumption in the west, and I believe it could be used by the producers of those commodities in countries like Holland, Belgium, France and Great Britain, which export them to Canada. The farmer needs his binder twine in April and May, in any event not later than June and July, and not in August and September, when ships come into Churchill. The hardware man wants his glass in March and April, not in the fall. There are many commodities which could be brought into Churchill if we had a bonded warehouse there. I think in that way we could do something to encourage the importation of goods required in the west.

I have under my hand a statement of the freight rates actually paid at the present time, showing the savings that could be effected if we could use Churchill to a greater extent than we are doing to-day. For example, the freight on a carload of poultry from Dauphin, which is a central point in Manitoba, to Churchill, would cost $262. That same carload shipped to Montreal would cost $457 at present freight rates. To ship a carload of eggs from Dauphin to Montreal costs $394; it would cost $264 if routed via Churchill. Remember that Churchill is the same distance from the markets of Europe as is Montreal. I could mention many other commodities. Take cattle; the freight rate on a carload from Dauphin to Montreal is $191, whereas the rate to Churchill is $102, or a saving of $89. That is a considerable amount when one does not get very much for the cattle anyway. I sincerely hope the government will give serious consideration to the suggestion to establish a bonded warehouse in Churchill.

In the course of this debate reference was made to the help given to the west by eastern Canada. I want to assure eastern members—although, thank God, I do not live in the dried-out area—that there is no one more grateful than I have been for the very generous assistance given to the west by the people of eastern Canada, in contributing, as they did, more than a hundred carloads of fruit and vegetables last year to the dried-out area, and we are also grateful to parliament for the money voted to assist the people in those localities. But I took the trouble the other day to get from the statistical branch the value of agricultural production of the three prairie provinces in the

last twenty years, and I received these staggering figures. We produced agricultural products in the three prairie provinces to the value of $70,115,000,000. We may very properly ask, What has become of that seventy billions? You will find, if you go around Montreal, Toronto, Hamilton, Brantford and all the other industrial centres of eastern Canada, a great deal of it. It is very difficult for us to calculate just how much of that seventy billions of dollars has gone to the upbuilding of Toronto. I believe that if it had not been for the west Toronto would be a little straggling city of not more than two hundred to two hundred and fifty thousand, and Hamilton would be no more than a good sized town, because seventy-five per cent of the products of these cities have gone west of the great lakes.

Mr. DUNNING: Where are these members from Hamilton?

Mr. HAYHURST: There would be no Brampton at all!

Mr. WARD: I do not know. The greenhouses might still be there. However, I think we must realize that the farmer has not had a square deal so far as fiscal matters are concerned. No less a person than the right hon. leader of the opposition (Mr. Bennett), speaking in Saskatoon on June 20, 1930, made this statement:

> There is only one way we can get the moneys of England for Canadian wheat, rather than Russia and the Argentine and how is that? By providing our wheat cheaper than the others. Is that not so? And how are we going to do it? This is what we are promising at any rate to do.

Well, we did have cheaper wheat during the term of office of the right hon. gentleman. We had the cheapest wheat that this country and the world had known in several hundreds of years.

Mr. SPEAKER: I am sorry to have to inform the hon. member that he has exceeded his time.

Mr. WARD: I should like to continue for just a few moments.

Mr. SPEAKER: With the unanimous consent of the house.

Mr. WARD: I believe the right hon. gentleman was right. If we have to produce our wheat as cheap as, or as he stated, cheaper than other countries—and I think there is no one in the house in a better position to know than the right hon. gentleman; we know he never was wrong—how in the name of common sense are we going to do it while buying in a market where the values of the articles which go into production are enhanced forty, fifty and sixty per cent by reason of tariffs? It is not possible. I hope, before the budget comes down, the finance minister will be able to see his way clear to remove all duties from farm implements. That may not have so great an effect as we expect; it may not reduce the price so much as we would like, but I am sure it will be something. I hope he will wipe out the duties on farm implements, and also on cream separators. I hope he will go a long, long way—as far as he has ever gone before—in reduction of tariffs. I should like to see him make the same strides in reducing duties that he did in 1930. It was a great gesture, if nothing else, to the farmers of this country. I hope before the budget comes down, he will see his way clear to give serious consideration to this matter. He is an ex-farmer himself.

Mr. DUNNING: I object to the "ex"; I still pay the bills on the farm.

Mr. WARD: I am pleased to know that the minister is still directly engaged in agriculture; that makes it all the better, and I am much more hopeful now that we shall get something substantial in the coming budget.

On motion of Mr. Motherwell the debate was adjourned.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

NIAGARA FALLS OBSERVATION BRIDGE COMPANY

The house resumed from Tuesday, May 3, consideration in committee of Bill No. 15, to incorporate the Niagara Falls Observation Bridge Company—Mr. Damude—Mr. Sanderson in the chair.

Section 9 agreed to.

On section 10—Expropriation.

Mr. BENNETT: There is only one comment that might be made on this section. It states:

> The company may expropriate and take any lands—

I think it should say "in Canada," to make it clear, because this bridge we are talking about is a bridge that crosses the whole stream. Here we are conferring powers upon

the company as a whole, whereas our power clearly is limited to Canada. The same thing applies to other sections as well, but I do not propose to devote further time to this bill. I have served the purpose that I had in mind; I have secured the information that I desired and it has been placed upon Hansard as indicating my view. The action that was taken, by deleting the words at the end of section 8, makes clear, in part at least, what I think should be done. Certainly I do think it will be found necessary to reconsider the whole situation with respect to these matters, because it must be clearly apparent to every thoughtful man that we cannot impose tolls in the United States, on their part of the bridge. Our railway commission cannot do that; that must be reasonably clear. It must be equally clear that we cannot confer any powers of expropriation upon a company to exercise such powers of eminent domain in another country.

As I say, I am not going to do more than merely indicate these views, without taking time to press them.

Section agreed to.

On section 11—Tolls.

Mr. BENNETT: I must put myself on record at once in connection with this section. Just imagine, sir, this parliament being asked to say:

> Subject to the provisions of the Railway Act the company may charge tolls for the use of the said bridge, approaches and facilities, and may regulate the tolls to be charged.

The mere statement of it in itself carries a refutation. Our railway commission cannot regulate the tolls for the use of that bridge from the middle of the stream into the United States or from the United States to the middle of the stream, as it can for that part of the bridge which is in Canada. We have no power to regulate tolls in another country, and as the section reads that is what it means.

The CHAIRMAN: Shall section 11 carry?

Mr. BENNETT: On division.

Section agreed to, on division.

Section 12 agreed to.

On section 13—May receive grants.

Mr. BENNETT: I think this section was amended by the committee.

The CHAIRMAN: On the copy I have this section is deleted, and the next section is 14.

Mr. BENNETT: It is still in my copy of the bill.

Mr. DUNNING: In the reprinted bill I have there is a section 13.

Mr. BENNETT: I know objection was taken to this, in regard to bonuses and so on, and it may be that the committee struck it out. There was objection to the company receiving grants and bonuses, and the chairman says this section is marked "expunged" in his copy. If the government of Ontario is going to build the bridge, the government might not want this section in the act.

Mr. HOWE: If it is to be built by private financing it may be that the government will be required to supplement that financing. Under the circumstances I see no objection to this section.

Mr. BENNETT: I know it was struck out in part; I cannot say as to the whole section. It was struck out in part, I assume, because of these words at the end of the section.

> . . . or as subventions for services and may dispose thereof and may alienate such of the said property as is not required for the purposes of the company in carrying out the provisions of this act.

The first part of the section, enabling the company to receive grants, bonuses or gifts, is not an unusual provision with respect to any company.

Mr. DUNNING: What position are we in now, Mr. Chairman? We have a bill from the committee from which, according to the authenticated records, this section has been struck out. There must be a proper way of having that reconsidered, if the committee so desires.

The CHAIRMAN: My information is that this committee can restore this section if it so desires.

Mr. BENNETT: Upon notice. I had to give notice the other day. A private bill requires notice of one day of proposed amendments. I suppose if it were struck out by the committee it should be regarded as being out of the bill.

Mr. HOWE: I think we all agree that there is no harm in the first part and no purpose in the second part. If I could obtain unanimous consent I would move that the part of the section after the word "guarantee" in the thirty-eighth line be deleted, and the balance remain.

Mr. BENNETT: Would not the motion be in the first instance that section 13 as printed be restored to the bill, with the exception of the words following the word "guarantee"

in the thirty-eighth line? It does not appear why this section should be struck out; there is no reason why they should not receive gifts if they wish to do so. They should have the capacity to receive them.

Mr. DUNNING: It would require unanimous consent to waive the notice.

Mr. HOWE: I so move.

Motion agreed to.

Section as amended agreed to.

On section 14—Amalgamation with other companies or authorities.

Mr. BENNETT: I cannot help thinking, Mr. Chairman, that if the Minister of Transport would give the same attention to section 14 as he has given to the section which was eliminated he would find it a little difficult to understand. It is a most extraordinary clause. As the matter now stands, all through the bill this company has been called "the company," and it is given power to fix tolls and do everything else under the control of Canadian authorities. It is now proposed to give it power to amalgamate with any other company in Canada or the United States. Then it is proposed that the amalgamated companies shall still be subject to the control of Canadian law. I only point out that if that is so, nobody will ever be able to get very far with it. Those opposed to the bill would perhaps be doing the best thing in the world by simply saying, "Pass it; and pass it quickly."

Section agreed to.

Section 15 agreed to.

On section 16—Borrowing powers of amalgamated company.

The CHAIRMAN: The committee amended section 16.

Mr. BENNETT: What is the amendment to section 16?

The CHAIRMAN: The amendment carried by the committee to section 16 was this:

(2) In any amalgamation under this section with other companies or authority the Canadian shareholders or members of such authority shall not be less than one-half.

Mr. BENNETT: That is contained in section 14, as reprinted, subsection (2).

The CHAIRMAN: The copy I have shows the amendment on section 16.

Mr. BENNETT: But it is already in section 14, Mr. Chairman.

[Mr. Bennett.]

The CHAIRMAN: Shall the section as amended carry?

Mr. BENNETT: Which one?

The CHAIRMAN: Section 16.

Mr. BENNETT: Sixteen? Is that amendment made to section 16, too?

Mr. HOWE: No; I think we already passed the amendment under section 14; section 16 should be passed as it stands.

Mr. BENNETT: Yes. If the minister will look at section 16 as it stands, he will see the absurdity of what is being undertaken. The governor in council is to allow the new or amalgamated company, which includes a company in the United States of America, to borrow up to $4,000,000. We have already authorized the company incorporated under the legislation to borrow $4,000,000. Surely the minister does not ask any one of us with reasonable intelligence to become a party to this section? I shall not waste time about it. I said at the start that I would content myself with pointing out these facts.

Just look at section 16:

Subject to the approval of the governor in council, the said new or amalgamated company may from time to time borrow—

Up to $4,000,000. We have just authorized the company, which was one of the amalgamated companies, to borrow up to $4,000,000. What is more, how can the governor in council deal with the affairs of a company which is in the United States? The amalgamated company may be in the United States; it says distinctly that this is so. However, I am merely stating my objection.

Mr. HOWE: I think the position is clear. We, the Canadian government, must start the ball rolling by establishing a Canadian company. Similarly, in the United States an American company must be established to obtain rights in that country. This bill permits the two companies to amalgamate, and any act of theirs must be subject to the approval of the Dominion of Canada and, I assume, also subject to the approval of the United States. I believe the last four or five international bridge bills which have passed the house have a similar section, and it seems to me it operates entirely satisfactorily.

Mr. BENNETT: It will not operate in that way if any lawyer worth while deals with it.

The CHAIRMAN: Shall section 16 carry?

Mr. BENNETT: On division.

Section agreed to on division.

Section 17 agreed to.

On section 18—Retirement of corporate obligations.

Mr. BENNETT: In view of the statement made in the letter read the other day, it seems to me section 18 should be somewhat different. I draw the minister's attention to that fact. However, I shall not waste the time of the committee; I am merely pointing it out.

The CHAIRMAN: Shall section 18 carry?

Mr. BENNETT: No.

Section agreed to, on division.

Section 19 agreed to, on division.

On section 20—Consent of Niagara parks commission.

Mr. BENNETT: It is extremely doubtful whether there is power to enact that section. If it is declared work for the general advantage of Canada, as Mr. Edwards pointed out in his opinion it is within the exclusive jurisdiction of this parliament. We, only, have to deal with it. The section refers to obtaining the consent of the Niagara parks commission. We have the power, I suppose, and ask that they give their authority—if that is what it means.

Section agreed to.

Sections 21, 22 and 23 agreed to.

Mr. BENNETT: The preamble has not been passed.

Preamble agreed to.

Bill reported.

LORD'S DAY ACT

PENALTY FOR DIRECTORS AND OFFICERS PERMITTING VIOLATION OF THE ACT—NON-CONCURRENCE IN SENATE AMENDMENTS

Mr. H. E. BRUNELLE (Champlain) moved:

That a message be sent to the Senate to acquaint Their Honours that this house disagrees to their amendment to Bill No. 13, "An Act to amend the Lord's Day Act" for the following reasons:

1. The amendment penalizes the corporation while the object of the bill was to impose the penalty for breach of the Lord's Day Act on any person being a director, officer, superintendent or employee of a corporation.

2. The amendment will be ineffective inasmuch as it does not raise the minimum penalty imposed by the present statute.

3. The imposition of fines without imprisonment have no practical effect in offences against such a law as the Lord's Day Act.

And that the Clerk do carry the said message to the Senate.

Motion agreed to.

COMPANIES' CREDITORS ARRANGEMENT ACT

REPEAL OF CHAPTER 36 OF THE STATUTES OF 1932-33, 23-24 GEORGE V

The house resumed from Tuesday, March 8, consideration of the motion of Mr. Bertrand (Laurier) for the second reading of Bill No. 26, to repeal the Companies' Creditors Arrangement Act, 1933.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, if this house were to agree to the second reading of this bill the result would be in principle to agree to repeal a statute now on the statute books. I do not think the house would desire in any casual or offhand manner to eliminate from the statute books a piece of legislation which may have wide importance, at least in the minds of some people, without there first being a detailed study of the matter by one of the standing committees of the house. If it is in order to do so, I would move that this bill be not now read a second time but that it be referred to the standing committee on banking and commerce for consideration and report.

Right Hon. R. B. BENNETT (Leader of the Opposition): The general rule is that a bill cannot be referred until after it has been given second reading, although there are special circumstances where it can be done.

Mr. DUNNING: The clerk informs me that the correct motion is that the bill be not now read a second time but that the subject matter thereof be referred to the standing committee on banking and commerce. I am inclined to the view that if the Companies' Creditors Arrangement Act is to be repealed, certain provisions therein will have to be considered in relation to the general provisions of the Bankruptcy Act. For this reason I would prefer that the whole matter be studied before final action is taken by the house.

Mr. BENNETT: The question as to whether or not this legislation should be repealed is one of great importance as it affects the ability or capacity of companies to make compromises, having regard especially to the position of preferred shareholders. It was not enacted until such time as the privy council had rendered a decision in Royal Bank versus Larue. The matter was subsequently referred to the Supreme Court of Canada which held that it was within our competence to enact. I have been advised that this legislation has been extremely useful to many people. It has enabled arrangements to be made without the necessity of receivership

or bankruptcy proceedings. The motion of the Minister of Finance (Mr. Dunning) that the subject matter of the bill be considered by a standing committee, is, I think, highly desirable. It does not pledge the house to accept any principle with respect to the legislation, but it affords an opportunity to study the whole question, namely whether the legislation is useful for the purpose for which it was enacted.

Motion (Mr. Dunning) agreed to.

RAILWAY ACT AMENDMENT

PROPOSED APPLICATION OF CROWSNEST PASS RATES ON GRAIN WESTWARD AS WELL AS EASTWARD

The house resumed from Friday, March 11, consideration of the motion of Mr. Reid for the second reading of Bill No. 18, to amend the Railway Act (rates on grain).

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, I moved the adjournment of the debate on this motion on March 11. Nearly two months have passed, and I regret that a bill as important as this one has taken so long to reach this stage. I trust that the house will facilitate the passage of this bill. I would suggest that the government take it over and have the railway commission deal with it accordingly.

On three occasions, twice during the former parliament and once in 1936, I moved resolutions that, had they met with the approval of the house, would have meant reductions in the domestic freight rates, similar to what is being provided for by this bill. On one occasion I secured from the then Minister of Railways and Canals, the Hon. Doctor Manion, a promise that he would recommend to the board of railway commissioners the bringing into force of an agreement between the provinces and the railways to provide for a reduction in domestic rates going westward. This agreement came into force on March 10, 1937, to cover movements from points on the prairies to the Fraser valley and the British Columbia coast. This was covered by tariff item 145, C.R.C. 154. It effected a reduction in the domestic rate from Edmonton and Calgary to Vancouver from 41½ cents to 30 cents per 100 pounds. However, this arrangement lasted only a few months.

Mr. BENNETT: Why was it discontinued?

Mr. PERLEY: I think the submission was made by the railway companies to the board of railway commissioners that the rates were not profitable, and the previous rates were restored. On the occasions I have mentioned, the hon. member for New Westminster (Mr. Reid), who introduced this bill, did not support my resolution. However, he continued to introduce a bill each year calling for a reduction in freight rates. The argument which has been advanced against his bills is that their passage would upset the whole freight rate structure. That argument has always been presented when any attempt has been made to obtain a reduction in domestic rates. This bill is similar in principle to my resolution and I propose to support it.

As I stated a moment ago, this bill deals with a special class of freight, and its acceptance would not upset the freight rate structure. The poultrymen, the dairymen and the stockmen of British Columbia would benefit materially if it were accepted, and the grain growers on the prairies would also be assisted by having access to an increased market in British Columbia for coarse grains. Many different organizations in western Canada, particularly farm organizations, have passed from time to time resolutions which have been presented to parliament asking for a reduction in domestic rates.

It is not necessary to-night to burden the house with comparisons of rates. The hon. member who sponsors this bill has covered that matter quite well. He has dealt with rates in both eastern and western Canada, and I think the figures he placed on Hansard make out a good case for his bill. However, I should like to direct attention to the rates which apply from Indian Head, Saskatchewan, near to my home town, to Vancouver. The domestic rate is 52½ cents, and the export rate 27 cents per 100 pounds. I claim that is an unjust rate and the producers have cause for complaint.

The hon. member, when speaking to his bill, mentioned that some three and a half million bushels or more did go from the prairie provinces to British Columbia under these present rates and that the consumers in British Columbia paid nearly $450,000 more in freight rates than they would have done had the rates prevailed that he is asking for in his bill.

I wish to deal briefly with the question of corn. Corn is imported into British Columbia and is used there for feed purposes by the poultry producers and dairymen. It is estimated that corn equal to about 1,500 cars of barley is imported into British Columbia each year. That is a very considerable market if we had it for coarse grains, and I think we can prove that coarse grains are equal in food value to corn. Experiments have been carried

on at different experimental stations to ascertain the feed value of corn and barley, and in practically every instance barley has been proven equal to if not better than corn for feeding hogs, beef and dairy cattle and poultry. So, if the western producers could get a market there for their coarse grains, barley and oats, there would not be any loss to the British Columbia producers so far as feed value is concerned.

Parliament, I admit, is not a rate fixing body. I remember that in the former parliament we were always confronted with the argument that we must not do anything to upset the whole freight rate structure, but I claim that the rate I have cited to-night from the central part of Saskatchewan to Vancouver is discriminatory and unjust in its present application.

For the information of members of the house who were not in the former parliament I want to quote from a decision given by the board of railway commissioners in 1922. The late Hon. Frank Oliver, in giving a dissenting judgment to the decision given by the board of railway commissioners in that year, said:

> There should not be any differential at all, especially on coarse grains and low grade wheat going to British Columbia.

I think that is a pretty fair argument. I have already mentioned that we might get a market in British Columbia for some 1,500 carloads of barley alone, and at thirty cents per 100 pounds that would mean $220,000 for the railway company taking it through the mountains into British Columbia. I may point out that the railway companies do not derive any great revenue from the freight on corn. Corn comes in by vessels, and while it is distributed by the railways to the interior, the rail haul is short and does not provide a great revenue for the railway companies. On different occasions the railway companies have said they were willing to assist, and I think we should give them an opportunity to do so.

Prior to 1897 we had a rate on grains to Fort William from the province of Saskatchewan and western points of about two cents less than the present rate. For example, the freight from Indian Head to Fort William was seventeen cents per 100 pounds. At the present time we are paying nineteen cents, and the farmers cannot understand why in this day and age, with all the improved transportation facilities that we have, with large engines hauling twice the number of cars, of twice the capacity, and the same crew operating the train, they have to pay more than they did twenty or thirty years ago. I think the farmers of western Canada are justified in feeling that way about it. If we had the rate reduced to what it was prior to the Crowsnest rates, it would mean a saving to the farmers of the west of about three or four million dollars in freight on their wheat alone, and I think we should have that low rate restored.

I shall not take up very much more time, but before closing I would say that freight rates are of such importance that they should be considered with respect to other commodities than grain. I think we should have a considerable reduction in the freight rate on implements going west, particularly in the carload rates. We have heard a great deal in the house within the last day or two with respect to the prices paid by the western farmer for farm implements, and I heard the hon. member for Brant (Mr. Wood) say this afternoon that he had used a binder on his farm for thirty years. When one considers the increase in the price of binders, it would not bother him very much if he had to buy only one in thirty years; but if we had a reduction in the freight rate on implements going into western Canada it would be of great value to our farmers, and I think our time could have been better spent within the last day or two if we had been discussing something along that line.

I would also mention the freight rate on coal. I think there should be an adjustment in that rate, particularly from point to point in the western provinces.

Bill No. 31, which has been presented to the house, is now before a special committee. Certain sections of that bill dealing with rates are objectionable, particularly the one dealing with agreed charges. I consider that dangerous, and I hope, when the bill comes back to the house, that provision will have been struck out. I know the farmers of western Canada are anxious that no measure should pass the house containing a provision which would make it possible in any shape or form to establish a monopoly in rates in any commodity. They are anxious that no bill should come into effect that would mean an increase in either the outgoing rates from the prairie provinces or the incoming rates, and I hope, when that bill returns to the house, it will have been so amended that such a thing is not likely to happen. In due course I trust we shall also get a very substantial reduction in the rates on grain, implements and coal.

In conclusion, Mr. Speaker, I trust that the hon. member who has introduced this bill will see fit this year not to withdraw it, as he did on former occasions. It is true the bill

did not get very far in other sessions, and was finally withdrawn by the hon. member, but I would suggest that this year he endeavour to have the government take over the measure and push it through. I understand that during the campaign in 1935 he assured the electors in the province of British Columbia that if there were a change of government and his party came into power, there would be no difficulty in having the government accept his bill or bring in a similar measure.

Mr. REID: It is not true.

Mr. PERLEY: In conclusion, I wish to say that I am heartily in accord with the hon. member's bill. I regret that he did not see fit to support me when I was introducing resolutions that would provide for practically the same thing as his bill. However, on this occasion I am supporting him, and I hope the bill goes through in good time this session.

Mr. McIVOR: What effect will this change in rate have on rates to Fort William? I was just wondering whether the Minister of Transport would assure us that the rates to Fort William will be reduced accordingly.

Mr. HOWE: I think I can promise that.

Mr. ANGUS MacINNIS (Vancouver East): I wish to say just a few words in support of this bill. I congratulate the hon. member for New Westminster (Mr. Reid) upon sticking to this matter so tenaciously over the years. I am quite satisfied that in this respect the province of British Columbia has a grievance and that this grievance should be rectified. There is an argument in favour of this bill which I have not yet heard brought forward in this chamber. My hon. friends across the way, with a few exceptions—that is with the exception of the Minister of Finance (Mr. Dunning) and one or two others—are, I believe, low tariff Liberals.

Mr. DUNNING: Mr. Speaker, on a point of order, that reference to myself is entirely inaccurate. My hon. friend well konws it too.

Mr. MacINNIS: I did not hear the point of order.

Mr. DUNNING: The point of order is that the reference to myself is entirely inaccurate. I ask my hon. friend to take my word for it, and withdraw.

Mr. MacINNIS: In what respect, I would like to know, is it inaccurate?

Mr. DUNNING: Entirely opposed to the truth.

[Mr. Perley.]

Mr. MacINNIS: I must take it that all hon. members on the other side are low tariff Liberals.

Mr. DUNNING: That is quite satisfactory.

Mr. MacINNIS: I think the Minister of Finance will admit that there was a little ground, anyway, for my confusion in the matter.

Mr. DUNNING: Not so far as I am concerned.

Mr. MacINNIS: To get back to the point, this discrimination in railway freight rates acts in the same way as an increase in the tariff would, on commodities hauled to Vancouver which are affected by the discriminatory rate. As there is no discrimination between grains used for domestic purposes on the eastern haul, I do not see why there should be any difference in rates regarding the western haul. Even if there were ground for some difference the difference is altogether too great, that is a domestic freight rate of 41½ cents as against an export rate of twenty cents. I cannot find anyone who can make a case for discrimination of that kind. The province of British Columbia is well suited to the production of certain commodities as far as its limited agricultural area is concerned—poultry products and the like—and if the freight rate were equalized and the domestic rate brought down to the export rate, we could produce poultry products much cheaper than we can do now.

There is hardly anything which can be said on this matter that the hon. member for New Westminster has not already said, and I just wish, with these words, to give my support to the bill.

Mr. J. H. BLACKMORE (Lethbridge): I, too, wish to support the hon. member for New Westminster (Mr. Reid). It is my firm conviction that a gross abuse has developed, perhaps quite without the cognizance of a great many hon. members. There appears to me to be a situation under which the three prairie provinces are suffering which, when the full extent of it is understood and appreciated, will be astonishing. It has seemed to me that the freight rate structure, especially the local domestic structure, is such as to render industrial development in the western provinces almost impossible. I shall have more to say concerning this matter at a future time when it is more in order. At the present time I support the hon. member's bill and urge him to go forward with it.

Mr. A. A. HEAPS (Winnipeg North): This parliament is a legislative body, and I have always contended that as far as possible we in our capacity as members of this house should refrain from becoming an administrative body. There are few hon. members, I care not in what part of the house they sit, who can discuss the subject of freight rates with any degree of understanding in so far as the dominion is concerned. I know very little about it, and I think the same is true of many other hon. members. In previous years I have invariably contended so far as a bill of this kind is concerned that, while there may be a good deal of merit in the contentions of the hon. member who sponsors it, the principle is one which I cannot support. The proper principle to follow is that this parliament should not be a rate fixing body. The moment we start fixing freight rates I do not know where we are going to start and where we are going to end. I would far sooner leave the matter to a body properly constituted and created for that particular purpose. I do not know whether the railway commission are making a good job or a bad job of fixing freight rates.

Mr. REID: The trouble is they are not.

Mr. HEAPS: If they are not, the proper course is to change the personnel of the commission and not to let us as members of parliament become involved in creating a rate structure of which we know very little. There may be a hardship involved in what the hon. member has stated, and nobody yet so far as I know has explained the reason for this differential between export and local rates. It is quite possible that the export rate is far too low, and I have been wondering whether, if the export rate were raised to the level of the domestic rate, that would satisfy hon. members from British Columbia. The fact that the export rate was reduced to a very low level, perhaps, for competitive purposes, may not be altogether a good reason for bringing the domestic rate down, although there may be some grounds for it. My contention, which I have previously maintained in the house, is that as a member with very little knowledge of the freight rate structure I am not, if I can possibly avoid it, going to be a party to fixing freight rates in any part of the dominion. On the other hand, if perhaps there is fault to be found with the composition of the railway commission or if they are not doing their job properly, the remedy is, not to attack the freight rate structure but to attack the railway commission and change its membership.

Hon. C. D. HOWE (Minister of Transport): This bill has been before parliament each year since 1933, and, I believe, almost everything that requires to be said on the subject has been said. I can only reiterate what I have said each time when the bill has been discussed, namely, that the consideration of freight rates, being a highly technical matter, is one for the board of railway commissioners and not for parliament. I think parliament has acted on freight rates only twice since the board of railway commissioners was established. On both those occasions parliament acted because a change was to be effected in a statutory rate and the change could be effected only by statute. The Crowsnest pass rates were established in 1897. The rates were changed in the early years of the war, having been an intolerable burden on the railways under the stress of those days, and after the war parliament acted again to restore the Crowsnest rates. We all start from the position that the Crowsnest rates are adequate, representing a fair return to the railways for a given service. That, of course, is entirely erroneous. If we could restore the other conditions of 1897, rates of pay, prices of equipment and supplies, and other conditions which obtained at that time, such rates would no doubt be profitable. The board of railway commissioners have made a statement in that regard, and I think it well to remind the house of it. In its judgment of October 14, 1924, in the Crowsnest pass case, the board said:

> The Canadian Pacific railway rates, as contracted for by the agreement of 1897, while then fair and reasonable under then traffic conditions, are not adequate to present conditions of traffic, and do not furnish an adequate return for the service concerned, and are not fair and reasonable, representing as they do but 35 per cent to 60 per cent of rates found adequate under present traffic conditions.

That is the situation in which grain is moved to-day, at a rate which the board of railway commissioners have found represents only from 35 to 60 per cent of an adequate return.

There is no objection to moving grain for export at that rate. The railways have not protested and no one has protested. Why? To move grain for export in competition with other countries of the world more favourably situated as to geography, it is necessary to be able to move it at an extremely low rate; and that being recognized, the railways are willing to do their share. I have no doubt they accept the fact that, as this is necessary to the national economy, it is a desirable movement for the railways.

We come now to the domestic rate, which is a movement within the country. I think it has always been accepted; I know it has always been accepted since railroading began, that there is a difference between the export movement, which is highly competitive with other countries, and the domestic movement of grain within the country. We find a differential existing in all of the large consuming centres of Canada as between the export rate and the domestic rate. The board of railway commissioners have examined the domestic rates for movements to British Columbia and have found them to be fair and reasonable; nevertheless the railways have, by agreement, introduced, voluntarily and without compulsion on the part of the board, a lower rate to move feed grains, that is, the lower grades of wheat, and coarse grains, destined for consumption in British Columbia. Again, they did that in the national interest. The agricultural industry of British Columbia is a matter of interest to all Canada, and the railways agreed to transport feed grains to that consuming population at a rate greatly reduced below the domestic rate. Having done that, they have made, I believe, a sincere attempt to satisfy the requirements of that area. As a matter of fact, this arrangement was made in settlement of the demand of the western provinces that the Crowsnest rate should apply on domestic grains. The offer was made by the railways, and accepted by the provinces, and I think we can regard it, remembering the circumstances of the arrangement, only as an agreement binding on both parties. However, the fact that this subject has been repeatedly brought up in parliament indicates that there may be a grievance, or if there is no real grievance, that a great many people believe they have one.

One thing that has been particularly stressed in the presentation of the case by the hon. member for New Westminster (Mr. Reid) is that the rate on mill feeds moving into British Columbia should be carried at the same rate as that which applies on the movement of feed grains. The hon. member gave the house a rather erroneous impression of the rate at which these mill feeds move. He gave the house the impression that they now move at the domestic rate from mill to consumer. This, of course, is not the fact, as those hon. gentlemen who are familiar with milling in transit rates must be aware. The mill feeds move from the farm to the mill on the domestic rate for that particular haul, and then the flour and by-products move through to destination on the balance of the through rate. The balance of the through rate is, in some instances, lower than the feed grain rate; in some instances it is higher. In discussing the matter with the railways, I have expressed to them the opinion that the grievance or supposed grievance of the people of British Columbia is a matter that should receive consideration with a view toward removing the possible grievance.

FOREIGN POLICY

INQUIRY AS TO COMPREHENSIVE STATEMENT BY PRIME MINISTER

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): On April 1, the Prime Minister (Mr. Mackenzie King) told the house that for two months he had been trying to have an item in External Affairs taken up so that he might have a chance again this year to place before the house a comprehensive statement with regard to foreign policy. That was on April 1—I don't know whether it was April Fool's day or not—but apparently for three months the Prime Minister has been endeavouring to get foreign policy before the house. An item was introduced the other day, but there was no discussion. I should like to ask the government when we may expect that statement.

Right Hon. ERNEST LAPOINTE (Minister of Justice): In the absence of the Prime Minister I should not like to give a definite answer. My hon. friend knows that the occasions have not been very numerous on which the Prime Minister could have had an opportunity to make that statement, but he told me to-day that he intends to make it in the course of next week, if he has an opportunity to do so.

LIVE STOCK ACT

CORRESPONDENCE BETWEEN DEPARTMENT OF AGRICULTURE AND PACKERS' ASSOCIATION AS TO REGULATIONS

On the orders of the day:

Hon. H. H. STEVENS (Kootenay East): Might I ask the Minister of Agriculture (Mr. Gardiner) if he would be good enough to lay on the table the file of his department containing correspondence between himself or

the officials of the department in the live stock branch and Mr. Todd, of the packers' association, or any of the heads of the packing companies, regarding regulations appertaining to the administration of the Live Stock Act with respect to the marketing of live stock in the stockyards or in packing plants, and as to grading and such like. I am asking the minister to lay the file on the table, since I do not wish to put the department to the trouble and expense of having a copy made by way of a return. There is no doubt that it must be a file of considerable dimensions, and if it were laid on the table one could look it over while it was in the custody of the clerk and at the same time avoid the trouble of having a great deal of correspondence copied. Perhaps that could be done prior to the consideration of the estimates having to do with the live stock branch.

Hon. J. G. GARDINER (Minister of Agriculture): I shall try to have that done.

UNEMPLOYMENT

VANCOUVER SITUATION DUE TO CONCENTRATION OF SINGLE HOMELESS UNEMPLOYED MEN

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): In the absence of the Minister of Labour (Mr. Rogers), there is a matter I should like to draw to the attention of the other members of the government. During the discussion of the unemployment and agricultural assistance bill I had occasion to direct attention to the serious situation in the city of Vancouver owing to a large number of homeless single unemployed men congregating there. Within the last two days I have had two telegrams, one since I came into the house this evening from the secretary of the single unemployed men, pointing out that four thousand men were at the limit of their resources and asking that the government take immediate action to take care of the situation. The other telegram was from the secretary of the United Church presbytery of Vancouver representing fifty-nine congregations, also drawing attention to the dangerous situation resulting from the concentration of single unemployed men in Vancouver since the closing of the camps.

In the absence of the Minister of Labour I wonder if the other members of the government who are present would draw the matter to his attention and urge that some action be taken before any trouble develops.

Right Hon. ERNEST LAPOINTE (Minister of Justice): I may assure my hon friend that this matter will be called to the attention of the Minister of Labour, and that any information he has in his possession will be given to my hon. friend on Monday.

SUPPLY

The house in committee of supply, **Mr.** Sanderson in the chair.

DEPARTMENT OF AGRICULTURE

International Institute of Agriculture, $12,000.

Mr. SENN: When the committee rose the other evening this item was under consideration. I had asked the minister just what publications were issued by this branch; to whom those publications were sent, and what their nature was. The minister had partly finished his reply when the committee rose, and I should like him to complete it now.

Mr. GARDINER: Yes, I was just in the midst of reading the list of publications subscribed for, and I think I had reached No. 3, the Monthly Bulletin of Agricultural Economics and Sociology; International Bulletin of Plant Protection; Monthly Bulletin of Agricultural Science and Practice; Bulletin Mensuel de Renseignements Economiques et Sociaux; Bulletin Mensuel de Renseignements Techniques; Moniteur International de la Protection des Plantes; Monthly Crop Report and Agricultural Statistics; Bulletin Mensuel de la Statistique Agricole et Commerciale. There are ten of them in all.

A sufficient number of each is obtained to satisfy the needs of government libraries, agricultural libraries, professors in agricultural colleges, provincial ministers and deputy ministers of agriculture and heads of branches and divisions of the dominion Department of Agriculture. None of these is distributed to the press, but the copies stored in the main library of the Department of Agriculture are always available to any publicity organization which may need to consult them. Besides these periodicals, the main library of the Department of Agriculture receives copies of every publication, either memoirs, bulletins, or leaflets, issued by the International Institute of Agriculture. These are also available to the public interested.

Mr. SENN: I understand that most of the bulletins are of a scientific nature, and no doubt would be of very little interest to agriculture generally or to the trade. But there is one set of bulletins that, I believe, refer to monthly crop reports and statistics as to

agricultural production and surpluses throughout the world. I wonder if those bulletins are available to agriculture, and particularly to the trade, and if arrangements are made so that they may be made available to people dealing in different classes of farm products.

Mr. GARDINER: All information of that kind which would be valuable to agriculture here and to those engaged in business having to do with agriculture is incorporated in our own statistical publications and sent out in the usual way.

Item agreed to.

Marketing services—Marketing services administration, $50,000.

Mr. STIRLING: Mr. Chairman, I have been seeking an opportunity, and here it is, to draw attention to some egregiously false information which was contained in a cable dispatch from London last summer with regard to the grading of apples. In this matter I certainly am not critical of the minister; rather do I seek his assistance, for the cable that I am going to read takes in vain the name of his director of marketing. It is a serious criticism of the trade commissioners of Canada and also a criticism of that portion of the fruit branch which has to do with inspection, upon which we in British Columbia rely to such a considerable extent and which we trust so well, because of their assistance in enabling the shippers and the producers to pay more and more attention to quality. The cable in question came from Mr. Grant Dexter, London correspondent of the Winnipeg Free Press, and was dated July 15. It reads as follows:

Dean A. M. Shaw, chief of the marketing section of the Canadian Department of Agriculture, and a group of senior officials of this department are finding plenty of reasons why Canada's exports are not growing as rapidly as desired. The conclusions are based on a two weeks intensive study of the British market. Out of their investigations here it is safe to predict will come a severe overhauling of the Canadian government's export grading regulations, and a tightening up of their enforcement. The inquiry has revealed that many Canadian products are not being shipped to Britain in the way required by this market. Tests made of shipments of canned goods and fresh fruits, notably apples, proved conclusively that inferior products are being sent here under Canadian top grades.

Canada's finest, upon examination, turned out all too often to be wretched goods which could not possibly qualify for high grades if the Canadian inspection service were adequate. Boxes of apples, with good fruit on top and bad underneath, occurred too frequently under close inspection of these officials to bring real satisfaction with the efficiency existing in the federal inspection service.

[Mr. Senn.]

Naturally that caused considerable stir in British Columbia. I can tell the story I wish to tell most quickly by reading an exchange of letters which took place. On August 12, I wrote the Minister of Trade and Commerce (Mr. Euler) as follows:

I have just returned to the Okanagan after a short absence, and I find a stormy atmosphere consequent on some allegations, as to the quality of our fruit in the United Kingdom market, by Grant Dexter.

I am in fairly close touch with the situation at both ends, and if this condition prevails, it must have come about fairly recently.

The industry is taking the matter up with the Department of Agriculture and with Mr. Shaw, but I want you to tell me what your trade commissioners have to say, for if things have gone bad recently, they would have certainly reported it to you, and they can also bear out, or disagree with, my opinion that our stuff has, in recent years, reached the British market in very good condition. So, at least, I have been informed over there on frequent occasions, and it was certainly so considered at the time of the 1932 conference.

It is a very, very, serious statement and one which I think the government must take notice of. I enclose one of the many references to the matter in the valley papers.

The minister replied through his private secretary, and enclosed a copy of a letter which had arrived from the Canadian government fruit trade commissioner in London. I shall read one or two paragraphs of the letter from London, which is dated August 20, 1937:

In the first place there were no Canadian boxed apples on the market during the whole period of the delegation's visit to this country and therefore it was impossible for any member to make the inspections reported and there is not the slightest trace of truth in the published statements—"boxes of apples with good fruit on top and bad underneath, occurred too frequently under the close inspection of these officials." It is presumed that Mr. Dexter obtained information by interview, but I find it hard to believe that any member of the delegation made such a statement, it is really an accusation of deliberate fraudulent packing. Further, I know of no importer of repute in the United Kingdom who would have made such a statement to the member of the delegation responsible for reporting upon the fruit situation. I have been concerned with the Canadian fruit industry for many years and innumerable opportunities have occurred to examine boxed apples in the packing house and in the markets of the United Kingdom and Canada, and I can state with emphasis that my experience has been quite the reverse to that as reported by Mr. Grant Dexter.

I would say that there is not an atom of truth in the report on boxed apples as published by the Winnipeg Free Press and further there is no justification whatsoever for such a statement.

I have discussed this matter with Mr. F. Hudd—

He is Canadian trade commissioner for Canada in London.

—and he has had several conversations with Mr. Grant Dexter. I understand that Mr. Dexter realizes the error in his cabled dispatch and it occurred to me the best manner in which the matter could be settled was for Mr. Dexter to withdraw his dispatch.

At the same time the Minister of Trade and Commerce sent me a copy of a letter he had written to the Winnipeg Free Press, dated August 31, as follows:

Inasmuch as the dispatch from Mr. Grant Dexter published in the Winnipeg Free Press under date of July 15th was definitely inaccurate and could hardly fail to injure our export trade in the commodities mentioned, I feel it is only proper that you make some adequate correction.

I enclose for your information a copy of a letter which has been received from Mr. W. B. Cornell, Canadian Fruit Commissioner.

In a subsequent letter the Minister of Trade and Commerce sent me a copy of the second Grant Dexter cable. The cable is dated at London, August 19, and is headed "Bad fruit not sent from B.C." The text is as follows:

Cables and letters received here indicate that the British Columbia apple growers have drawn an unintended and unwarranted conclusion from your correspondent's dispatch of June 15 regarding inquiries by Dean Shaw and his associates into the quality of Canadian foodstuffs exported to this market.

The apples referred to as being found good on top and bad underneath did not come from British Columbia. It was never suggested that they did.

I pause there to draw attention to the fact that not only were there no boxed apples in London at that time, but the boxed apples which reach London during the course of the year are 90 to 95 per cent British Columbia apples. The cable continues:

The apples and canned goods named by your correspondent were only examples of the food products shipped to this market and opened under the eyes of the Canadian officials which proved deficient in quality but all the Canadian apples shipped here did not come from British Columbia. Other products could have been cited.

Tightening of the expert grading regulations and an intensive educational campaign among Canadian exporters is regarded as certain at the next session of the dominion parliament when full details of the departmental inquiries here will doubtless be given official form.

Regarding British Columbia apples, careful inquiry among the trade fails to uncover any complaints as to quality or packing.

The reply received from the Winnipeg Free Press by the Minister of Trade and Commerce, dated September 3, is as follows:

I beg to acknowledge your letter of August 31st, calling attention to the dispatch from Grant Dexter which appeared in the Free Press July 15th. Since then we have published a further dispatch from Mr. Dexter which expands the brief extract from it mentioned in the letter from Mr. Gornall. I think it has been made amply clear that there should be no unfavourable reflection upon boxed apples from British Columbia sold in the British market, and this forms in my judgment the "adequate correction" which you suggest.

I then wrote the Minister of Trade and Commerce on September 18. I first referred to the fact that he had sent me a copy of Grant Dexter's cable and Mr. Ferguson's letter, and then continued as follows:

The cable maintains the original assertion in a slightly modified form, that "food products shipped to this market and opened under the eyes of the Canadian officials" are "deficient in quality" and I hope that you will go over the head of the managing editor and obtain an honest retraction of a journalistic libel, published as prominently as the original falsehood.

I can assure you that the matter is by no means dead here, nor in the other fruit growing parts of Canada. The public has been told by a widely read journal that "boxes of apples, with good fruit on top and bad underneath, occurred too frequently under the close inspection of these officials." The statement is emphatically denied by the Fruit Trade Commissioner in Great Britain, and the evasive later comments of the correspondent read strangely but they are approved by the managing director.

The journalist is fond of telling us that all he wants is news, accurate news, and that he has as high a regard for ethics as has any other professional man. If the editor of the Winnipeg Free Press endorses that constantly reiterated view, he cannot fail to give proper denial to this falsehood.

The correspondence ends with the reply to that letter from the Minister of Trade and Commerce. The letter, which is dated September 29, 1937, reads:

While I am inclined to agree with the thoughts expressed in your letter of September 18, I do not believe any good purpose could be served by going into this matter further with the Free Press. Possibly if you cared to ventilate this in the house it would do much more good.

I do so. I appeal to the minister for his assistance. This is an absolutely false statement. I assume that this man is a Canadian and that he has the confidence of the Winnipeg Free Press. I am ready to concede to the members of the press every desire to follow the ethics of their profession, just as I as an engineer try to follow the ethics of mine. Undoubtedly at times journalists will be in error as I have been in error as an engineer. But over the course of years that I have been connected with the fruit industry the Winnipeg Free Press has never been ready to give accurate or reasonably fair

information with regard to the fruit industry, even in this country. For its special representative in London, presumably sent there because it has confidence in him, to send back such a cable as that, merely means that he is doing damage to a Canadian industry.

Mr. GARDINER: I only wish to state that Mr. Shaw, the director of marketing in the department, made a denial at the same time with regard to boxed apples from British Columbia.

Mr. STIRLING: That is very little to get from the minister.

Mr. COLDWELL: Mr. Chairman, perhaps the matter I have in mind could be raised just as well on this item as later on. I would direct the attention of the committee and the minister to the need for a more intensive advertising of our farm products, not only abroad but in Canada. I am informed that the Department of Fisheries has increased the consumption of fish in Canada by some 14 or 15 per cent by means of an advertising campaign. One farm commodity that has fallen in price to a considerable extent during recent years is eggs. I have before me a statement issued by the bureau of statistics which shows that the per capita consumption of eggs in Canada has decreased in a rather spectacular manner during the last ten or eleven years. I should like to quote the per capita consumption for different years:

Year	Eggs
1927	356
1928	361
1929	296
1930	299
1931	297
1932	287
1933	272
1934	267
1935	268
1936	260

Perhaps the minister has the figure for 1937, but I was not able to obtain it. From 1927 to 1937 the per capita consumption of eggs in Canada decreased by eight dozen. It seems to me that this condition could be remedied to some extent. I do not know whether egg substitutes have anything to do with the matter, but I do know that the depressed conditions under which the majority of our people have had to live during recent years must have had something to do with the decrease. However, the fact is that when everything was very cheap, the per capita consumption was very low. Economic conditions improved to some extent in 1936, but the decline in egg consumption still continued.

We all know that throughout the farming communities of Canada eggs are not merely a side line but, like the cream can, they help to pay for the groceries on the average farm. Anything that can be done to increase the demand for eggs, either by export or by way of home consumption, would be of great help to the agricultural communities generally. Eggs contain probably the highest food value of any food and increased consumption would improve the physique of our younger people and the health generally of all the people of Canada.

Setting aside the question of purchasing power which is bound to enter into a discussion of this kind, I feel confident that even with the purchasing power which now exists, if the department carried out a plan somewhat similar to that of the Department of Fisheries, the consumption of eggs could be easily increased. This item deals with marketing services administration, and I considered it was the proper place to bring this matter to the attention of the committee. Could the minister tell us if anything along this particular line is being done?

Mr. GARDINER: The activities in connection with advertising have been speeded up since the department was reorganized and the marketing branch established. The statement which first appeared in the press with regard to the consumption of eggs was not an accurate interpretation of the statistics. Just about that time they were changing the form in which the statistics were given out. This misinterpretation was corrected later on.

Mr. COLDWELL: The figures I quoted are from the bureau of statistics.

Mr. GARDINER: The first statement was issued by the bureau of statistics and there was a misinterpretation of the figures. The decrease of eight dozen per person is much more than what actually occurred, although there was a decrease. I have not before me the correction which was made of that particular figure. We have speeded up the advertising of different farm products within Canada. The Department of Agriculture has the responsibility for the advertising campaign within Canada. We have spent some money on this during the past year and intend to spend what is provided in these estimates for the different purposes during the coming year.

Mr. NEEDHAM: I should like to ask the minister a question in connection with marketing in England. I have in my hand a report of an interview with the Hon. T. C. Davis of Regina in connection with his trip to Eng-

land to be present at the coronation. He refers to the wonderful experience he had, and in conclusion the report reads:

> The speaker also dealt briefly with Britain's rearmament program and the fact British people were inclined to slight Canada's goods because Canadians were not making any contribution towards the defence of the country which is her greatest market, Britain.

That is a startling statement to be made by the attorney general of one of our provinces who had just returned from the coronation. I do not know what foundation he had for that statement, but perhaps the minister would say something regarding its accuracy.

Mr. GARDINER: I was not, of course, at the coronation with Mr. Davis, and I do not know what basis he might have had for any statement he might have made. Again, this is a press report of what he is presumed to have said, and I would hesitate to comment upon it in the committee at this time.

Mr. SENN: I have in my hand a report entitled, The British Market and the Canadian Farmer. It is the report made by a committee which, I understand, was sent to Great Britain to study the marketing there of Canadian farm products, and was headed, I believe, by the director of marketing services, Mr. Shaw. It is a very interesting report indeed. It was released, I think, in the fall of 1937, and there is some story to the effect that it had been released for only a very few days when further distribution of the publication was suppressed. I do not know if that is entirely correct or not, but the report does to a certain extent undoubtedly condemn the work which was done by trade commissioners in Great Britain in days gone by.

When I first understood that the Department of Agriculture was to be reorganized, I made a statement in the house to the effect that the minister had employed very capable men indeed to head these different services. I am not personally familiar with Mr. Shaw; but I know he enjoys in the west a good reputation as an agriculturist, and I would ask the minister to tell the committee just what his particular qualifications are from the standpoint of the marketing of farm products. That is my first question.

My second question is, Who is responsible for the committee going to Great Britain to make the investigation? I notice that the report contains a number of recommendations, and I believe the minister has already taken steps to see that some of them are put into effect. I was present at a meeting of the council of agriculture in the Chateau Laurier some little time ago, where the minister made an address, and made certain representations as to what the Department of Agriculture intended to do to implement this report and assist in the marketing of farm products. There are a number of recommendations, however, in regard to which I do not know whether the minister intends to carry them out or not.

The first recommendation which the minister mentioned, I think, was that we should have a national mark on our products, and I am fully in accord with that recommendation.

I also understood the minister to state that an agricultural commissioner was to be sent to Great Britain for the purpose of returning information to the Department of Agriculture in Canada and perhaps to other people as well. I would ask him to tell us if that appointment has been made, and, if so, who the gentleman is, what his qualifications are, and what his instructions are. It seems to me there might be difficulty between such a representative of the Department of Agriculture and representatives of the Department of Trade and Commerce who are acting over there in a similar capacity. If the minister would let the committee know just what this gentleman's duties will be, I think it would be of interest to all of us.

Mr. GARDINER: Mr. Chairman, as has just been stated, a committee representative of agriculture went to Great Britain last summer and made certain investigations into the marketing of Canadian farm products in Great Britain, and later made a report upon what they found in the old country. That report, as has been indicated, was published last fall. More than five thousand copies of the report were printed, and copies of that report were sent to the press throughout Canada and to certain farm organizations, with the intention of having a general distribution made up to the number of copies which had been printed. Practically the whole publication, somewhere in the neighbourhood of 4,800 or 5,000 copies, was distributed. At that time attention was called particularly to the press report which went out covering the report itself, and some exception was taken to statements in the press report summarizing the report itself. As a result of some of these complaints I suggested that the report as then published be not sent out to the general public. The early part of the report consisted of recommendations to the department and, to an extent, to other departments as well.

Mr. SENN: Would the minister say where those objections came from?

Mr. GARDINER: They came through the press, to begin with. They appeared in two or three different newspapers throughout Canada.

Mr. SENN: Were no representations made by particular interests?

Mr. GARDINER: Not to my knowledge, no; but these complaints which came in drew the matter to my attention, and I brought it to the attention of the government at the time, and suggested that the report which was to a considerable extent a recommendation to the different departments of government be not sent out to the public in that form, but that it be reprinted in a form which would indicate the action of the government rather than the recommendations to the government. The report was reprinted in that form and is being circulated to all those who made application for it.

I think I can best answer the next part of the question submitted by my hon. friend by reading from the reprinted issue of that publication. It states the policy as announced at the meeting to which the hon. member referred, in these terms:

With the winding up of the schemes operating under the "Natural Products Marketing Act" completed, the dominion Department of Agriculture has given careful consideration to the recommendations set forth in the report of its investigating committee and has decided upon a policy in relation to the market in the United Kingdom.

Under that policy the department proposes:

A. To see that Canada sets her own house in order by cooperating with provincial departments to have production improved and developed in most favourable locations and by ensuring, as far as possible, that no merchandise unsuitable to that market be exported to the United Kingdom and that what is exported be improved in quality, packaging and labelling.

B. To cooperate with producers, exporters, brokers and the trade in the United Kingdom in maintaining, until the product reaches the consumer, the standard of Canadian agricultural products in conformity with the grades, packaging and labelling provided by Canadian regulations.

C. To advise, cooperate with and assist all government, producer and merchandising agencies in placing Canadian foodstuffs effectively before the British housewife.

I shall now develop these main recommendations in greater detail: A. A number of products are already in such a condition that the full story can be told about them—i.e., cheese, bacon and breakfast foods. A great deal of work is required with others, in particular canned goods and poultry.

1. We propose that definite steps be taken to see that the fullest information about the character of the United Kingdom market be given to the producer.

All possible means should be employed to this end;—e.g., through provincial departments of agriculture, at conventions, by special meetings, by carefully prepared articles in the agricultural press, by the issue of special booklets, and by any other useful method. The aim of all this should be to show the producer the severity and type of the competition he must meet, the particular requirements of the market, the necessity for meeting these requirements, the need for paying particular attention to such matters as labelling, and, in short, the necessity for doing his part in proving to the housewife and to the trade in the United Kingdom that the words "Canadian Product" always mean a reliable, quality product. We also feel that at every step the producer should be kept fully informed of what is being done to increase the demand for his product on the British market.

2. We have had ample evidence that the grading of certain Canadian products has continued to improve. The matter is of such importance, however, that we feel it vital to stress the necessity of further careful attention to grading, particularly in regard to fostering, as far as possible, a standard, to all graders in every part of the dominion.

3. The only proper basis on which the two main policies, (B) and (C), as outlined, can be carried out is by emphasizing the consistently high quality of Canadian products. Publicity for an inferior article is not only worth nothing, but is definitely harmful to all good products. We have considered very carefully whether it is advisable to prohibit entirely the export to the United Kingdom of all low-grade products. Such a prohibition, we feel, would entail a severe hardship upon individual producers, as there is a low price market in Great Britain which may be invaluable to the producer who, for instance, owing to unfavourable climatic conditions, has a large amount of low quality products.

It is essential, however, that more and more of our products should be of high quality so that agencies placing it on the market can maintain it in high favour. We therefore intend to advocate:

(a) The adoption of a national mark for Canada's high grade agricultural products shipped to the United Kingdom.

(b) That the use of this mark be made compulsory on specified products provided they attain the requisite standard; that this mark be made the focal point of any publicity and advertising campaign; by this means the mark would assume a definite and valuable significance.

(c) That the right to use this mark where it is not compulsory, be accorded only to producers under licence, provided that their products attain to the required standard to be laid down by the dominion Department of Agriculture.

(d) That, with proper safeguards, the right to use the mark be accorded to United Kingdom importers or blenders who import Canadian products in bulk and package or blend them themselves.

(e) That this mark be either an emblem or label, so designed, either by shape, colour or wording, or a combination of these, that it can be readily identified by the British housewife.

(f) That sub-standard products have a distinctive mark.

Mr. SENN: That is a change from the original copy, is it not?

Mr. GARDINER: The last paragraph, (f), is slightly changed from the original copy, that is from the recommendation. This is the policy as laid down. These are not the recommendations. It is based on the recommendations.

Mr. SENN: Are copies of the revised report available?

Mr. GARDINER: Yes; I think they are now.

Mr. SENN: Will they be circulated?

Mr. GARDINER: Yes; they are being circulated to anyone who makes application for them.

B. The dominion Department of Agriculture intends to follow, in relation to other products the practices pursued in relation to cheese and bacon which have met with good results in recent years.

C. The dominion Department of Agriculture does not conduct advertising campaigns in Great Britain, and never has. Advertising is conducted under the direction of a publicity committee presided over by the Canadian high commissioner in London. The marketing service of the dominion Department of Agriculture will cooperate in every possible way with the publicity committee or any producer or merchandising agency interested in promoting the sale of farm products in the United Kingdom.

The dominion Department of Agriculture will appoint an agricultural commissioner in London to direct the services of those following our commodities and to report back to producers from the United Kingdm, Ireland and Europe. This official will also provide the department continuously with information regarding agricultural developments in those countries."

With regard to the next part of the question, which had to do with the extent to which these undertakings have been carried into effect up to date, I can read into Hansard the next page of this report.

1. An agricultural commissioner, to be stationed in London, England, has been appointed. He is to be responsible for directing the services of those who are employed, or may be employed, by the dominion Department of Agriculture in Great Britain, Ireland and Europe. He will further observe agricultural developments within these countries which may be of special interest to Canada, and report such developments to the dominion Department of Agriculture.

Mr. BENNETT: Who is that?

Mr. GARDINER: The gentleman appointed is Mr. Allen, of the university of Saskatchewan at Saskatoon. He was previously in eastern Canada. To give his full record, may I say that he was born in England; came to Canada as a young man; homesteaded in the province of Saskatchewan somewhere in the vicinity of the town of Kindersley; enlisted during the war; went overseas, and served in the army during that time. Following that, he worked on farms in western Canada, attended the agricultural college, and is a graduate of the university of Saskatchewan. Later on he took advanced studies in Cornell university, giving special attention to production and marketing, and served in the state of New York for a time following that before returning to the university of Saskatchewan as head of the economics work of the college of agriculture associated with the university of Saskatchewan. He was obtained from there, and is taking up his duties in London on the first of May. He has gone to England.

Mr. STIRLING: Will he cover all Canadian products in England?

Mr. GARDINER: As this statement indicates, he is in charge of all of the activities of the Department of Agriculture that are represented in Britain. We have men who check the cargoes that come in at the different ports. We have men who check the grades of products. He will have charge of all officials of the department—there are some six or seven of them over there at the present time—and any others who may be appointed for the purpose of carying on activities having to do with agriculture.

Mr. PERLEY: What is his salary?

Mr. GARDINER: It is $5,280. It is the same salary as the trade commissioner receives; that is, it starts at $5,280 and advances. It is on the same basis as that of the trade commissioner.

Mr. PERLEY: And his expenses, of course?

Mr. GARDINER: He has an expense account allowed on the same basis as a trade commissioner.

2. A standardization trade mark has been adopted. This will be used as a national mark on certain grades of commodities produced, manufactured, packaged or processed in Canada under authority of acts administered by the dominion Department of Agriculture.

The mark which has been adopted is the head of a Royal Canadian mounted policeman, got out in a form which will suit the different packaging that is used in connection with farm products.

3. Arrangements have been completed to have a definite quantity of fresh killed beef forwarded weekly to the London market. This will consist of high quality beef, shipped in sides, the object being to demonstrate the possibility of placing fresh Canadian beef on

the London market. The intention is to compete directly with the home killed beef rather than the chilled and frozen products of other countries.

4. The seed of a particularly promising new variety of tomato has been purchased. It has been distributed among canners throughout Canada who have undertaken to have the crop produced and processed under the supervision of the Department of Agriculture. This particular variety is very promising, and it is hoped that it may be the means of improving our product on the British market.

It was found by this committee on their investigation in England that the type of tomato we were growing in Canada did not compare favourably with the type of tomato which was being received previously from Spain. During the time the Spanish war has been in progress we have had a great opportunity to place our tomatoes before the British people, and it was thought that by improving the tomato itself and getting a superior type, more solid, and with less juice, we could better suit the British market and better establish ourselves there.

Mr. BENNETT: A tomato that does not break up in cooking.

Mr. GARDINER: Yes.

5. A comprehensive study of processing and handling of export bacon is under way. This is under the direction of the National Research Council in cooperation with the dominion Department of Agriculture.

And, I may say, the Department of Transport as well.

Such questions as flavour, colour, keeping qualities, processing, packaging, stowing, etc., are being approached from a scientific angle in an effort to improve and standardize this product.

6. Most of the recommendations made in regard to poultry are already embodied in new regulations. Several trial shipments of fresh eggs have been successfully made to the British market and it would appear from the results to date that there is a definite possibility of establishing a regular trade in fresh eggs.

This is a new venture, undertaken in the first instance by one of the packing companies in cooperation with the government of Quebec a few months ago, and our department has undertaken to assist in promoting it.

Mr. BENNETT: How is the assistance given?

Mr. GARDINER: By the assembling and servicing of them and seeing that they are up to standard, and also by getting them forwarded under certain conditions.

Mr. BENNETT: We do not pay any part of the transport?

Mr. GARDINER: No.

[Mr. Gardiner.]

Mr. BENNETT: I should think there would be difficulty in competing against the Dutch.

Mr. GARDINER: We have very favourable reports on shipments that have gone forward in comparison with the fresh eggs of Great Britain itself.

Mr. SENN: The best quality is being sent.

Mr. GARDINER: Yes, and in small cartons, easily handled.

7. Several of the recommendations made in regard to fruit and vegetables are also embodied in regulations already worked out and in operation.

8. A satisfactory method of marking Canadian cheddar cheese has always been regarded as extremely difficult.

One of the difficulties experienced there was that customers very seldom knew that they were actually buying Canadian cheese. Most of the products from the other dominions are so marked that anyone can take home a part of the product and know where it came from. There was always some difficulty in the marking of Canadian cheese by reason of the manner in which it is put up.

This difficulty has recently been solved and it is now possible to use a mark which is not only permanent and distinctive but entirely practical.

That is being put into effect in connection with the manufacture of cheese from now on.

Mr. BROOKS: What is the mark?

Mr. GARDINER: "Canada" stencilled in so that it shows at all times on the wrapping of the cheese.

Mr. PERLEY: How is the bacon marked?

Mr. GARDINER: I should like to complete the reading of this first.

9. Transportation as it applies to the handling of perishable products at Canadian docks is under investigation.

This is the difficulty that has always existed. Danish bacon is shipped in special boats built for the purpose and is loaded in a special way. Argentine beef is handled similarly. There the beef goes into cold storage at the wharf and is kept at a constant temperature as it crosses the wharf to the boat. It is at the same temperature in the boat, never varying more than one degree from the time it is put into cold storage until the time it reaches the market. We have no such service and with our present volume we could not have it. We have this experience, too, that much of our bacon is produced in Saskatchewan, Alberta and Manitoba, some of it being cured there, put into cold storage or

refrigerator cars, and the temperature is not the same at the top and the bottom of the car. There is a variation in the car itself. When the product reaches the dock, it is sometimes left for a time on the dock subject to heat, especially during the months of July and August, and is finally raised and put in the hold of a boat. In other words, it is subject to changes of temperature. The Transport department, the research council and the Department of Agriculture as well as the Department of Trade and Commerce are co-operating at the present time in conducting an investigation into ways and means of providing facilities at our docks from which bacon is being shipped, so that the bacon can be transferred from warehouse, or the car in which it is shipped to Montreal, to the boat without undergoing this great difference in temperature, which it experiences particularly in the two months to which I have referred. I am informed that the greater part of the difficulty, most of the complaint with regard to the quality of our bacon, has to do with shipments sent forward in July and August, largely because of that variation in temperature which takes place at different points.

The Department of Agriculture in cooperation with the national research council has the matter under consideration. This problem is one of great national importance, a satisfactory solution of which will have a very definite bearing upon the future development of Canada's trade in perishable products with Great Britain.

10. Assistance rendered by the department during the autumn of 1937 was largely instrumental in placing a herd of over 150 head of carefully selected Canadian dairy cows (Holstein-Friesian) on a farm in the county of Chester, the very heart of one of the best dairy districts in England. This herd has naturally received wide publicity and as a direct result several orders for cattle of similar type have already been received.

It is very important that this work should be forwarded at this particular time. I understand it is the intention in Britain for the first time to carry on an active campaign against tuberculosis among the cattle in that country; and while that check is being made on dairy cattle in Great Britain, it is most important that the country which perhaps has advanced, certainly as far as any other country in the world and it may be further than any other in the direction of ridding its herds of tuberculosis, should be kept prominently before the British people as a place from which new herds can be obtained or cattle to replenish herds can be shipped to Great Britain at the lowest possible cost.

Mr. SENN: I have listened with a good deal of interest and attention to what the minister has had to say and to his explanation of what is intended and what is going to be required of the commissioner when he goes to the other side and takes up his duties over there. I asked the minister, however, whether any of the commissioner's activities were going to interfere with those of the representatives of the Department of Trade and Commerce, or exactly how the activities of the two departments would be kept distinct and separate so that there would not be overlapping and consequent difficulties. He has told us that the commissioner will have many duties to perform in the collecting of data. No doubt he will have to build up an organization because he will not be able to do all the work himself. The minister has told us what the salary of one gentleman, the commissioner, is going to be. Is there any provision in these estimates for a staff apart from the supervision of the work of the people already over there.

Mr. GARDINER: Under the general marketing vote for this division of the department we can make appointments to clerical positions, such as a secretary for the commissioner, and also other appointments under the provisions of the vote itself for any assistance he may require; but at the present time his staff is composed of about six men, I think, who have been in England representing the department for many years. I think the first appointment was made in 1912, and from that time down to the present additions have been made to the number. No new appointments were made by the present government until we appointed this last representative. He really takes the place of Mr. Wilson, who previously occupied a similar position in the department, and who a few years ago was transferred from the Department of Agriculture to the Department of Trade and Commerce. He is still in the employ of the latter department in London.

Mr. SENN: In the same capacity?

Mr. GARDINER: Not in the same capacity; he is under the Department of Trade and Commerce in another capacity, but he is advising in connection with matters concerning the sale of farm products. We are not undertaking the sale of farm products, but we are following those products through to the consumer. We are carrying on investigations as to the quality and grade of the product. We shall do that very much in the manner that investigations were made last year; that is, probably an individual will

go and purchase a commodity from time to time and check it to find out whether the standard is being maintained. The mark which a few moments ago I indicated had been adopted will be on all the highest standard products, and we shall attempt to see that these products reach the housewife in England on the standard required by our regulations in this country. There is no reason why there should be any conflict of activity at all as between the Department of Agriculture and the Department of Trade and Commerce, and I think I can assure the committee and the hon. member that there will be none.

Mr. SENN: The minister was just speaking about the high quality that would be required in connection with goods sent to the United Kingdom, and he also made the statement that there might be some sub-standard products shipped to that market. The first recommendation he read states that no merchandise unsuitable to this market should be exported, and that what was exported should be improved in quality, packaging and labelling. Then, on another page he read a statement to the effect that they had considered whether or not it was wise entirely to prohibit the export of low grade products to the United Kingdom, and further on the report states that at the moment they are not prepared to make any such recommendation.

Then, when we come to the question of the mark, this is the question I want to ask the minister. He has made a change from the recommendation in this report, which reads as follows:

> That for the export of sub-standard products the word "empire" be substituted for the word "Canada" or that regulations be made limiting the size of type that may be used to show their Canadian origin.

It seems to me that is treading on rather dangerous ground.

Mr. GARDINER: That is why we changed it.

Mr. SENN: I know the minister has changed it to some extent, but I should like to know just how sub-standard products are going to be marked, if they are to be marked at all; or are they to go into the British market without any distinguishing features about them? If so, will the consumers know they are Canadian products and judge Canadian products accordingly? It seems to me most dangerous to have our first-class products marked Canadian and to send to the old country other Canadian products which may destroy the reputation which otherwise might be built up. I should like to know just how these products are going to be marked, if they are going to bear any distinguishing Canadian mark, and I want to warn the minister that I am afraid it is a dangerous practice to follow.

Mr. GARDINER: I should like to direct the attention of the hon. member and the committee to the fact that the publication from which quotations are being read is the report of a committee. Most of the members of that committee were not employees of the government at all. One was the president of a live stock association; another was a canner in the province of Ontario, and others were men not in the employ of the department.

Mr. SENN: There were some pretty good men on that committee.

Mr. GARDINER: Yes, there were very good men on the committee. This is just like the report of any committee or commission that might be appointed by the government. The government is not bound by what is in the report, which is made to the government and the people of Canada to indicate what this committee thought with regard to the whole matter. The publication now being put out contains all the information in the report that might be considered of value to the people of Canada in assisting them to produce and market their products properly. In addition, it contains that part of the recommendations which has been adopted by the government and made a part of the government policy.

Mr. BENNETT: Does it contain all the recommendations?

Mr. GARDINER: We have not followed them all.

Mr. BENNETT: Does the new report contain all the recommendations?

Mr. GARDINER: The new report contains all the recommendations in connection with everything we have done.

Mr. BENNETT: But not those recommendations which were not acted upon?

Mr. GARDINER: This report does not contain all the recommendations. Where they made some special recommendation with regard to a particular product that recommendation does appear, but the body of the recommendations at the beginning of the report is not published in this new edition. The policy which is to be followed by the

government is published. The hon. member for Haldimand quoted paragraph (f) of the report:

That for the export of sub-standard products the word "empire" be substituted for the word "Canada" or that regulation be made limiting the size of type that may be used to show their Canadian origin.

When we gave consideration to that recommendation the thought which came to me and to the officials of the department was exactly the thought which came to my hon. friend, that this would not be fair to other parts of the empire. Probably it would not be fair to ourselves to have those products marked in that way. I think this was suggested by the committee because they found that there were many products being sold on the British market as empire products, and they suggested sending over this second standard of our products as empire articles, but we did not think that would be fair either to the other parts of the empire or to ourselves. We realize, however, that certain Canadian products of what might be called the second standard, or a lower standard, are demanded by certain customers in the old country who probably cannot afford the highest quality.

Mr. BENNETT: Is that apparent on the cartons themselves?

Mr. GARDINER: It will be apparent in this way, that only the higher standards will bear the mark to which I have been referring. Our trade mark will appear only on the high standards, and the lower grades will have marked on them the actual grade of the commodity.

Mr. BENNETT: That is, none will be marked grade 1 except those bearing this trade mark?

Mr. GARDINER: Yes; grade 1 will be those bearing the trade mark.

Mr. SENN: Just in that regard I should like to ask the minister about our exports of bacon. We send three different grades of bacon to Great Britain, and within each of those three grades there are three classes. Is the minister now telling us that only the highest grade of bacon, averaging from fifty-five to sixty-five pounds, will be marked as Canadian, and that none of the other grades will bear that mark? Just what is the policy of the department in regard to bacon? That is really the most important commodity we ship to the British market, and it is a product in connection with which the grades and quality and reputation should be very carefully guarded. Perhaps I shall have something to say about bacon at a later date, but I think it is important to know just how our bacon is being marked, whether only the highest grade will be marked as Canadian bacon, whether some latitude will be allowed, or how far down the grades are going to be marked as Canadian.

Mr. GARDINER: It took some little time to get a mark which might be considered national, and distinctive from any other, and one which at the same time has not already been employed or registered by others. For that reason we were not successful until within the last ten days in satisfying all concerned as to what the mark ought to be. That mark has now been adopted and is in course of being registered. Registration may be completed, but, if so, such completion has been effected only within the last few days. For that reason we have not worked out a definite policy with regard to the different products. If bacon is adopted as one of those products to which this particular standard should apply, then the standard mark will appear only on the best grade of bacon sent over.

Mr. STEVENS: The point to which the minister has referred is of tremendous importance, because in this class of goods bacon constitutes the largest single item for export. Under grade A are included fifty to fifty-five pounds, fifty-five to sixty pounds, sixty to sixty-five pounds and sixty-five to seventy pounds. We also have bacons made from selects, bacons, butchers, lights and heavies. There are five classes of hogs which go into the making of bacons for grade A. This should not be allowed. I would impress strongly upon the minister that if a mark is to be adopted or applied to bacon it should be applied only to the best Canadian bacon made from the best class of hog, and only to the most uniform type; because it has been demonstrated clearly that our best bacon will compete successfully with the Danish bacon, which is the highest class product on the British market.

I noted a few words from the report quoted by the minister a few moments ago, a report the circulation of which I believe was unfortunate. The words were to the effect that there is a market for a low grade quality. That is precisely the argument which was advanced by the leading packers; they argued in favour of the inclusion of these varieties of hogs in the processing of Canadian bacon. They said there was a market and a demand for a little lower grade of bacon.

Thanks to the policy followed by the Department of Agriculture over a number

of years in stimulating the production of improved types, I think we are now in a position to get an abundance of selects and bacon hogs, out of which could be processed not only the quantity required for the British market, but sufficient to take care of a substantial portion of the Canadian demand. If a mark is adopted, it should be applied only to bacon which will compete with the Danish product. The other grades, if sold, should be sold as second grades, because unquestionably the price obtained on the British market for our bacon affects the price and production of hogs in Canada. It is vital to the farmer that great care be taken in connection with the marking of our bacon.

Is the mark obligatory? Is there any regulation or any law by which the department may force an exporter to use the mark, or what is the regulation? Is it just a voluntary mark which may or may not be accepted? Before I resume my seat I should like to add one further word of commendation for the action taken by the Department of Agriculture, as indicated in the second sheet read by the minister. Many things were indicated there which I believe should be done, and I must commend the minister for having adopted the suggestions. But I should like to add this further word, that in the first report a good deal of gratuitous criticism was directed against the Department of Trade and Commerce, the department which really dealt with the selection of products in Canada. Now that the minister has taken the course indicated in the list of adopted recommendations, much of that will be removed. I must say, however, that it was most unfair to lay the blame upon or to imply that the blame must be placed at the door of the Department of Trade and Commerce and its officials in London, because it should not be placed there.

I can say from experience that the Department of Trade and Commerce marketing agencies in their reports to Canada have for years drawn attention to these matters, and have sought to have improvements made in many of the recommendations included in the report. It is to my mind highly desirable that action be taken along the lines indicated by the minister. It would be unfortunate if there should develop a conflict of interest between the two departments, but certainly the main thing is to have something done. If it can be done now and in this way, then progress will have been made, and such progress should be commended and supported. But it would be unfair to allow the inference to remain that officials of the Department of Trade and Commerce, and particularly Mr. Wilson, had in the slightest degree been derelict in their duties overseas. I say that because I consider Mr. Wilson, who was formerly an official of the Department of Agriculture and was taken into the Department of Trade and Commerce while I presided over it, discharged his duties in an exemplary manner, and did splendid work for the marketing of Canadian products.

The great difficulty was in connection with the grading before the product left Canada. The adoption of the recommendations indicated by the minister will, I believe, be a distinct step forward in that respect. May I now repeat my question: Is the use of the mark to be made obligatory or voluntary? If it is voluntary, what steps have been taken to secure its use? I say that because if it is not generally used it is not going to be of much value, and particular care should be taken in connection with its use in relation to bacon.

Mr. GARDINER: The regulations in connection with the use of the mark have not yet been drafted. It is just now being registered. But the regulations as drafted will make it obligatory upon any of those possessing or producing products of the types involved to apply the mark to the higher grades. Otherwise they will not appear on the market as higher grades.

Mr. STEVENS: There is power under the present law for that?

Mr. GARDINER: Yes, I understand so.

Mr. STIRLING: Will it apply only to certain products?

Mr. GARDINER: It will be applied only to certain products to which it may properly be applied. As we go along we may be able to apply it to others.

Mr. STIRLING: Is it contemplated to apply it to boxed fruit?

Mr. GARDINER: There is no decision on any of those matters yet. I should not like to make a definite statement because they all have to be given consideration. But, as was indicated by the hon. member for Kootenay East, if it is applied to bacon, as he stated, it will apply only to top grades.

Mr. STEVENS: That is one of my quarrels with that particular export. In my opinion grade A should include bacon made only from selects, but instead of that it includes bacon made from five different grades of hogs. That is absolutely wrong, and I think it is a distinct detriment to the producer through lowering the price of hogs in Canada.

Mr. GARDINER: The question raised is quite controversial. It is very difficult for a layman to determine when bacon is select and when it is one of the lower grades when the hog is still running around. Much of the grading that is done in Canada is done while the hog is still running around. I think I am right when I say that grading in Denmark is all done on the rail after the hog has been killed. It is much easier to determine whether or not a hog is select when you see it hanging up. A hog graded while still alive might be classed as select, and yet, when converted into bacon, it might be of a lower grade. It is difficult to say that the bacon from a hog which had been graded as select when it was still alive will be of that particular grade.

The figures indicate that there has been rapid progress in this country toward rail grading. The first criticism I had after coming into the department came from those who were opposed to this type of grading. They had heard a report somewhere that we were about to pass legislation enforcing rail grading. Their objection was that in a country like Denmark, where all the hogs are owned by a cooperative of the producers, where they are fed according to the regulations of the cooperative, where they are housed according to the regulations of the cooperative, where they are selected and, I believe, actually killed and marketed by the cooperative, it is easy to maintain a standard and to carry on rail grading without the producer himself suffering any disadvantage.

The first objection to enforcing rail grading in Canada at the present time is based upon the wide distribution of our people from one ocean to the other, the different conditions under which feeding is carried on, and more particularly the fact that if we are going to have this type of grading, all hogs will have to be slaughtered in a slaughter-house or abattoir. The producers maintain that they would rather take their chances on grading when the hog is running around the yard. I am not in a position to state definitely that we can adhere as closely to regulations with regard to selects as they are able to do in a country like Denmark. However, we are advancing rapidly toward the rail grading of hogs. They are all graded in that manner in the maritimes. I was looking up some statistics the other day, which I am sorry I have not with me to-night, and I was surprised at the rapid increase in the last three years in rail grading. If we continue at this rate we shall soon reach the point where we can have something of the kind suggested.

Mr. STEVENS: I should not like the committee to get the impression that I am agitating for rail grading and doing away with the present system. I was complaining that there was included in grade A these different weights to which I have referred. Whether they are rail graded or graded on the hoof makes no difference if you ensure that there will be in grade A only that weight of side which is considered to be the best for the British market. I referred to the five different grades of hogs to indicate the wide variety of sides that were included in grade A. This lack of uniformity is largely responsible for the ten to fourteen shillings difference in price in what is received for our bacon and Danish bacon. It is against that practice that I have been speaking this evening.

Mr. PERLEY: Has any progress been made in having the packers adopt a uniform system of processing in order to produce a uniform quality of bacon? A select hog may go into one packer and come out a certain grade, while a similar hog may go to another packer who is not using the same system of processing, and it comes out a different grade altogether. The minister stated that certain interests had agreed on this trade mark. Just who were those interests?

Mr. GARDINER: I am not in a position to state the concerns to which this trade mark was submitted. It had to be examined in relation to the trade marks of the different concerns that had already registered trade marks with the proper authorities. It was finally determined by council that this was the proper mark to indicate to people outside as well as in Canada that we considered it a quality product and one that could be depended upon.

In connection with processing, I think it will be admitted that each of the larger packing houses, as well as some of the smaller ones, maintain that they have the best process. They contend that they have been successful in producing a taste, if nothing else, for their bacon, which is preferred by a great many people. I doubt if we would succeed in attempting to have them all use exactly the same process, and I doubt very much if anything would be accomplished by doing that. The companies have a cooperative arrangement by which they exchange certain information as to the best methods of protecting themselves against deterioration of their products. I do not think there is any necessity for the government to do anything in the way of enforcing this, because it is recognized already by the companies that it is to their advantage to do so.

Mr. HAYHURST: Could the minister give us the results of the investigation carried on by the Department of Agriculture to determine the grade of hog most suitable for rail grading and most likely to meet successfully the competition of Denmark?

Mr. GARDINER: All I say with regard to that is that any one travelling across Canada will realize that we have a national type of hog. The long Yorkshire type has been in this country for a number of years and it has been pretty well standardized all across Canada. The Yorkshire type is the prevailing type at our shows and it will be found in almost any farm yard. The department feels that it would be a mistake at the present time to discourage the farmers from continuing with that common type.

Mr. SENN: I should like to say one word more about this mark. It seems to me that this is one of the most important departures we have had for some time. It is particularly important in regard to the shipment of our bacon to the old country. Perhaps we get more benefit from the Ottawa agreement in the sale of our bacon in the old country than in the sale of any other product, and as an hon. member said a moment ago, it is regrettable that our bacon at the present time sells for so much less in the British market than bacon from any other country except perhaps the Balkan states. The report I have in my hand, which we have been discussing, gives two or three reasons why our price should be and is lower, and, among others, the fact that there are so many different grades of bacon going from Canada overseas. But, in addition, there is another statement made on page 33 of the report which is very important. It says:

> Some of the larger wholesalers have made very definite representation in regard to the large volume of box cuts being shipped from Canada.

Further down it says:

> 37,107,089 pounds were shipped as hams, and 24,015,918 pounds were shipped as box cuts.

And again:

> Wholesalers put forth the argument that the large quantities of Canadian cuts have a depressing influence on the price of Canadian Wiltshires.

I wonder if the mark is going to be put on hams and box cuts. That particular type of meat would be classed as No. 1; it seems to have a depressing influence on the price of our bacon in Great Britain, and the price we receive there undoubtedly settles, to some extent at least, the price of hogs in Canada.

So I think every effort should be made to see that we get the very highest price possible over there because it means money in the pockets of our farmers; but if we continue to send over these box cuts and picnic hams in ever increasing quantities, I do not know just what the result is going to be.

An answer to a question that was asked here by the member for York East (Mr. McGregor) shows that in 1935, 17,000,000 pounds of box cuts went over there; in 1936, 30,000,000 pounds; and in 1937, 35,000,000 pounds, in addition to a large increase in the volume of hams sent over there. While our export of Wiltshires is increasing as well, it is not increasing so rapidly as our shipment of these other cuts which are said to have a depressing influence on the market. I think the minister would be wise to see that steps are taken to have Wiltshire sides shipped in as large a volume as possible to the mother country. After all, I believe we have nearly enough select hogs produced in Canada to supply our trade with the mother country if they were all used for that purpose, and I believe they could all be used for that purpose. It is true perhaps that some of our own people would like the very best bacon that could be produced, but on the other hand I think nine out of ten would not know the difference between bacon produced from a bacon hog and bacon produced from a select hog. I am sure I would not myself. I think we should take the same steps which are being taken by Denmark and other countries to see that only the very highest quality is sent over there, and in as large a volume as possible. I would ask the minister if any steps are being taken to see that this is being done.

I would ask the minister one other question, which he might answer at the same time. If the mark is used, it will have to be very carefully guarded to see that nobody uses it on a product that should not be graded as No. 1. Is it the intention of the department to see that all goods which are shipped to the old country are graded by government graders, because it seems to me that is the only way in which we can carefully guard the mark to see that it is not improperly used?

Mr. GARDINER: Practically all the products that go to the old country now are graded by government graders, and it will be the intention to improve on any grading that is now being done.

Mr. SENN: They are graded only by sample, I understand, at the present time, are they not?

Mr. GARDINER: It would be impossible to grade every package that goes over or anything of that kind. That is the very reason why we have placed the commissioner in England, the very reason why we want this work supervised. We expect to check the product that goes to England much more carefully than we have done up to date, in connection with the grading and packaging and everything that has to do with it. If the mark is applied to bacon—and I would hope it will be—it will be done for the purpose of ensuring that as large a percentage as possible of the shipment of bacon to Great Britain will be of the very highest quality. That will be the objective of the department in everything that is done in connection with it, and I can assure the hon. member that it will be the objective in connection with all our farm products, including bacon, going to Great Britain.

Mr. STIRLING: The minister has stated that he has not finally decided what products will come under this mounted policeman's head. I hope that he will give the matter a great deal of consideration before he includes boxed fruit under it. I wonder if he would see fit to consult the industry, or at least to seek their opinion, before he makes his decision. I make that suggestion for this reason: For a considerable number of years now, boxed fruit of that description has been graded efficiently, I think. The shippers largely have their own brands which are established in the British and northern European markets, and it appears to me that it would be of assistance to the minister in arriving at his decision if he would first seek the opinion of these established shippers of boxed fruit.

Mr. GARDINER: There is no doubt that the shippers of all products which are being shipped will be consulted very fully before any decision is reached.

Mr. HAYHURST: In reference to the remarks made by the hon. member for Haldimand, the quality of the hogs raised in western Canada must naturally vary, and if we had a market for only our very best quality in Great Britain we should have to find a market for our other products. I know that in London the best hams are the Cumberland hams. That is a different type of pig from the Yorkshire, and I do not know whether there are any Cumberland hogs raised in this country. However, we know that changing economic conditions have made it very difficult for importing nations to import only the highest quality of goods, and I believe it is important not only to grade the goods but to have an efficient sales force over there with a proper sentiment towards the English purchaser, and in sympathy with the British market. The commissioner would do more good by meeting these people who sell these products in the Smithfield market. I am speaking now as a person brought up in the old country, and I am looking at the matter from the point of view of marketing goods through personal services, because I believe that if the sales force is of the right type a good many of our difficulties would be ironed out. As a western farmer I realize what a tremendous quantity of hogs are sold at times that are probably slightly under the highest grade, and therefore we must develop a market for all types besides the very highest type of Wiltshire bacon.

Mr. PERLEY: Would the minister inform the committee what is the total cost of the report?

Mr. GARDINER: I have not the exact amount here. The cost was not very high; indeed it was low. The other day a question in regard to the matter was placed on the order paper, but I am not sure that it has been answered yet.

Mr. HAYHURST: When was this report first sent out?

Mr. GARDINER: I think it was on December 8.

Mr. THOMPSON: There is a matter which I wish to call to the attention of the committee, and I think it may well be done in connection with this marketing act. It has to do with our dairy business. I wish to call the attention of the committee to an extract from a speech made by the minister.

Mr. GARDINER: I wonder if the hon. member would allow that to come up under dairying, if it has to do with dairying.

Mr. THOMPSON: It has something to do with marketing as well as with dairying.

Mr. GARDINER: There is a dairy vote. But it is all right.

Mr. THOMPSON: The minister made this statement as reported on page 162 of Hansard:

> The cheese producers of Ontario, with the assistance of the Minister of Agriculture of the Ontario government of that time, cooperating with the dominion government, sent their secretary over to England to advance the sale of cheese in that market.

I wish to point out just what have been the results of the cooperation between the department of agriculture of Ontario and the Department of Agriculture of the dominion.

The minister said further in that same address that in 1900 Canada produced 220,000,000 pounds of cheese and that in 1935 the production had fallen to 100,000,000 pounds; that in 1907 Canada sold to Great Britain 190,000,000 pounds but that in 1935 the amount sold had fallen to 52,000,000 pounds; and that in 1907 New Zealand had sold 27,000,000 pounds to Great Brtiain but in 1935 they had increased that amount to 197,000,000 pounds. These figures are correct. But the minister said that when he saw those conditions he went over to England to examine into the marketing of Canadian cheese in the old country. When he arrived there, he said, Canadian cheese was not being advertised; he saw New Zealand cheese and Australian mutton and butter advertised, but no advertising of Canadian cheese. I might call his attention to the fact that in 1934 the Ontario government robbed Canada of the greatest advertising agency we had by closing Ontario House in London, where our goods were being advertised.

The impression that was left on the house by the remarks of the minister was that New Zealand had crowded Canada out of the British market. That is not so. New Zealand never crowded Canada out of the British market; Canada herself receded from that market. Great Britain bought our cheese and paid us a premium for all that we could supply her. The amount of cheese we sold in Great Britain was the amount of high quality cheese that we could produce. There was a sale for it there if we could produce it. We must take into consideration the different conditions. One thing the minister did not tell us was that, while our cheese sales to Great Britain had diminished to that extent, the production of dairy products in Canada had increased very rapidly; that our milk production was rapidly increasing and was being consumed in other lines.

New Zealand has a population of about 1,600,000, almost entirely rural. One of her principal exports is cheese. Canada has a population of 11,200,000 with over fifty per cent of them residing in the urban centres, non-producers of agricultural products. While New Zealand's principal export is cheese, Canada makes cheese only out of her surplus milk. No cheese factories will be found around our large centres as cream, whole milk, butter and ice cream are required to supply the demand. One has to go into backward places removed from the great industrial centres before one finds a cheese factory. In fact, as I heard one prominent dairyman say the other day, in Canada cheese was always looked upon as a poor relation of the dairy business; it got what was left over. That is a fact. We are large consumers of whole milk. We are one of the largest consumers of butter in the world. We consume large quantities of cream, and people are using more cream than they ever did before; one might instance the ice cream trade. When all those demands are supplied we make our surplus into cheese, and Great Britain has been paying us a premium on it. We have had no trouble in selling it; there was a ready market for it there. Fifty per cent of all the milk produced in Canada is going into butter; we are making into cheese only eight per cent of the milk we produce. To indicate the extent of the increase in the consumption of butter, we are making to-day in Canada 69,000,000 pounds more butter annually than we were making ten years ago and consuming practically all of it ourselves; in fact, this year we have imported large quantities of butter to supply our own local demands. Of all the dairy products produced in Canada, 93½ per cent are consumed by the Canadian people; we export only 6½ per cent.

Let us consider the difference in the manner in which New Zealand cheese and Canadian cheese are handled on the British market. New Zealand sends her cheese in consignments, in large shiploads. It is put into cold storage in London, Liverpool, Glasgow and other large cities; she has her agents there selling that cheese on commission, and they are advertising it.

Mr. POOLE: Government agents?

Mr. THOMPSON: Yes. Cheese is being handled there cooperatively by the New Zealand government and they are selling that cheese on commission; they are out advertising it. But Canadian cheese is sold by cable in Canada before it leaves this country. Our cheese is not sold in Great Britain except by retail; it is sold in this country before it leaves our shores, and it goes into the hands of the trade in that way. Great Britain as I have said, pays us a premium on that cheese.

What I wish to call to the attention of the committee is that the cooperation which has been taking place between the Ontario department of agriculture and the dominion Department of Agriculture has not been in the best interests of the dairy business, because they have been directing their efforts to the selling end of the business, the cheese being sold on its merits, and have neglected the producing end of it. Those of us who

are connected with the dairy business know full well that we have individual cows which are producing from twenty to twenty-five thousand pounds of milk a year. We have many dairy herds which are producing individually between ten and fifteen thousand pounds of milk. But the average dairy cow in the Dominion of Canada produces less than five thousand pounds. While we cannot all have these high producing cows, there is far too much difference between the possible and the actual. That is where the quantity comes in. Then there is the quality to be considered.

Let me now refer to the report that has already been discussed to-night. I want to show what these men have to say with regard to cheese. On page 42 I find the following:

> Canada's success in marketing cheese in the United Kingdom depends upon the quality of the product, and every possible effort should be made to improve the quality still further. . . . Continued effort should be put into the endeavour to improve the quality of cheese. . . .

This report is correct. Our goods were sold on their quality and a premium was paid for them. Our problem was to produce goods of that high quality and there was a ready market for them. In 1934, when the present Ontario government came into office, they found an organization known as the Eastern Ontario Dairymen's Association which had been in operation for sixty years and had built up that great dairy business of eastern Ontario, where the largest percentage of high grade cheese has always been manufactured. They were getting a provincial grant of $1,500 at that time, but the then provincial minister of agriculture, Mr. Duncan Marshall, saw fit to withdraw it. A deputation from the dairymen's association, comprising some of the outstanding dairymen in the province, waited on him, and he assured them that in future the farmers would have to pay their own shot; that there was no more government money to be put into the industry. That was that. What he did was this: We had at that time a few small organizations known as cheese producers' associations, and they got behind an effort to organize one in every county. There had been some of them before that. They organized a cheese producers' association for the province of Ontario, so that they had a central organization for Ontario and smaller county organizations. These are organizations of producers which can do splendid work in the dairy business. I have no fault to find with them in any way; but they were badly led; their activities have not been directed along the proper channels. They have been directing their efforts towards selling a product that was sold on its merits, and have neglected the producing and quality.

After the grant was withdrawn and the association which had built up a great industry was put out of business, the Ontario department passed an act permitting the Cheese Producers' Association of Ontario to assess five cents per 100 pounds against all cheese sold in the province. In 1936 this association collected directly from the farmers $22,000. Last year they collected $38,671, and the Department of Agriculture of the dominion made them a further grant of $5,000. They employed a secretary at Belleville to whom they paid $3,000 and expenses, and they sent a man to England, giving him $5,000 and expenses. This man at Belleville bought a few thousand boxes of cheese and shipped them to England, and the man there peddled them around London. That was one of their activities. The other one was this—they held a convention.

Before I go into that, I would call attention to a statement made by the minister, and I think it was a very timely one. He drew the attention of the committee to the small quantity of cheese being consumed by the Canadian people. Let me put on record the per capita consumption of cheese in a number of countries: Switzerland, 23 pounds; Holland, 14¾ pounds; France, 13½ pounds; Denmark, 13¼ pounds; Italy, 12 pounds; Germany 11½ pounds; Britain, 9½ pounds Scandinavia, 7 pounds; New Zealand, 4¾ pounds; United States, 4¼ pounds; Canada, 3¾ pounds. We have Canada and New Zealand, two of the largest producers of cheese, with the smallest per capita consumption. I know nothing of New Zealand; but so far as Canada is concerned, I think this small consumption is our own fault. With a slight increase in the home consumption of cheese and we would have little to export. What is the trouble? We are great consumers of butter. Go into any hotel or restaurant and the waiter will put a piece of butter on your plate, and if you use it, give you another piece. They replenish your supply. Did you ever see them put a piece of cheese on your plate? If you asked them for a piece they would give you a small, little sample which you could put into your mouth all at once. If we used cheese on the table as we use butter, we would double the consumption. The people are not eating cheese, because they cannot eat what they do not get. Quite a large sum of public money has been expended in a way

which in my humble opinion has not been in the best interests of the dairy business. I have before me the auditor's report for the cheese producers' association of Ontario. As I have already told the committee, they were engaged in two activities. One was buying cheese in Canada and sending a man over there to sell it, trying to break up a cheese buying and selling organization of which this country is justly proud and which New Zealand would like to have.

The CHAIRMAN: It is eleven o'clock.

Progress reported.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

Monday, May 9, 1938

The house met at three o'clock.

THE LATE FREDERICK CRONYN BETTS

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, parliament was just about to reassemble at the beginning of this session when members of the social credit group were called upon to mourn the loss of one of their number who had entered the House of Commons for his first time at the general elections of 1935. Within a few weeks thereafter we on the government side sustained a similar loss in the passing of one of our younger members who had been returned to parliament also for the first time at the last general elections. To-day, immediately opposite, on the side of the official opposition, there is a vacant seat which was occupied during this session by one of the younger members of the Conservative party who, too, became a member of this House of Commons for the first time at the general elections of 1935. We are thus reminded that death is no more a respecter of political parties than of persons.

On Tuesday last it was known that Major F. C. Betts, the member for London, in pursuit of a favourite recreation, had left Ottawa to go to one of the nearby streams or lakes, to enjoy a day's fishing. When he did not return to keep the engagements he had previously made there began to be concern as to the circumstances which might have occasioned his prolonged absence. Much anxiety was felt as to what fate might have befallen him. Nevertheless, at the time of adjournment on Friday evening last all had hoped that he would somewhere be found in safety and brought back to his family and to the service of his country, in parliament and elsewhere.

Unfortunately the anxieties of those who feared that Major Betts had met his death by accidental drowning were only too completely realized on Saturday morning when his body was found in the Blanche river, a short distance from where he had parked his car some days previously. The remains have been taken to London, and to-morrow members of all political parties will assemble at the funeral service to be held in the late member's native city in order to pay their last tribute of respect to his memory.

I shall leave it to my right hon. friend the leader of the opposition (Mr. Bennett) to speak more particularly of the loss which he personally and members of his party have sustained in the passing of one who was so closely identified with their interests. I should like, however, to say on behalf of hon. members of all parties how greatly shocked we were to learn that one so prominent in his party, one whose career was so well known, and who possessed so much of opportunity and capacity for public service should have come to the end of his days practically at the beginning of his parliamentary life.

It is generally known that Major Betts served with real distinction during the period of the great war. At the early age of twenty, he enlisted in the Royal Canadian Horse Artillery, and during the war was twice wounded. In his chosen profession of law, his attainments had received marked and well-merited recognition from his associates. He was an ex-President of the Middlesex Law Association and at the time of his death was a member of the council of the Canadian Bar Association.

During the years 1928 and 1929, Major Betts served as a member of the London county council. From the part he took in discussions in this house hon. members will recall his wide range of interest in public questions. Though in the Commons but a short time he showed clearly his desire and ability to debate the different subjects which were of concern to parliament. He was one of the most active members of his party.

Personally and on behalf of my colleagues and all hon. members on this side I should like to extend to my right hon. friend and to those who sit around him the expression of our sincere sympathy in the loss which the Conservative party and he as its leader have

sustained in the passing of one who so loyally supported the party, its principles, and its leader.

I should like to say, on behalf of all hon. members of this house, how very deeply we feel for the young widow and infant daughter who have been so greatly bereaved, as also for other members of the family who have suffered so great a loss under circumstances peculiarly poignant.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, the tragic circumstances to which the right hon. leader of the government (Mr. Mackenzie King) has referred make it unnecessary for me to do more than thank him very earnestly and sincerely for the kind terms in which he has extended the sympathy of himself and his colleagues to those of us associated together here as the official opposition.

It is a little difficult to do more than express sorrow on an occasion such as this, when one whom we have known so closely and intimately has left us under circumstances so very, very sad. The late Major Betts bore an historic name in the city of London, and early developed those characteristics which he had inherited. You might say that his life divided itself sharply into four divisions. He was a student in the schools of his own city and at Ridley College, St. Catharines, where he made for himself a distinct place. Then, while only twenty, he enlisted in the service of his country and within a few months was in France, where he gave such an excellent account of himself that promotions followed rapidly. Twice wounded, the later wound being rather serious, he returned to his home and was demobilized early in 1919, having been actively in service until the end of hostilities.

Then came the third division of his life, that in which he served his profession as a lawyer. He was admitted to the practice of law at Osgoode Hall, as was to be expected from one with his antecedents. He took an active interest in the profession, becoming president of the bar of Middlesex and later being elected to the council of the Canadian Bar Association. Then, as might have been expected, he embarked upon the fourth branch of his activities, that of public service. He served in the city council of London and in 1935 became a candidate for his party, and after a strenuous campaign was elected to the House of Commons. I recall being in London just before that election. I had met Major Betts only once before, I think, but I was struck with the thoroughness with which he was conducting his activities. He had visited the factories; he had ascertained the conditions under which work was being carried on; he had come in contact with the works people in all these factories and had familiarized himself with the products of his city in every branch of industrial activity. I then concluded, from what I saw, that in all probability he would be returned.

When he came here he immediately went to work, which is not what new members always do. So far as he could he made himself master of every matter that he took in hand. He was particularly interested in problems concerning returned soldiers and those that had to do with the militia with which he was associated, being on the reserve of officers. I recall very vividly discussing with him the question of his activities. I pointed out to him, as I have to many younger men, that there is only one way by which you may attain success either in the practise of law or in public life, and that is by work; and whether or not he found it easy, undoubtedly it was his duty to endeavour to express himself on every question that he thought of sufficient interest to warrant his intervention in the debate. He found it a little difficult at first, but confidence came, and I think my hon. friends opposite will agree that he was attaining that measure of confidence which enabled him to speak with a measure of certainty and conviction with respect to the many problems in which he interested himself.

It hardly seems possible that, not yet forty-two years of age, one who had escaped gas, bombs, shells and shrapnel, and attacks by sea, land and air, should lose his life under the circumstances to which the right hon. the Prime Minister has referred. Yet so it is, and it is a striking illustration of what a man of old said: Death hath so many doors to let out life. He is gone out of one of the most unexpected doors, having safely passed all the others to which I have referred, except that he was wounded in passing. He passed by those doors in a foreign land, across leagues of sea, only to lose his life within a few miles of these parliament buildings while engaged in a little harmless recreation. Death indeed hath many doors to let out life.

I think it must be a matter of satisfaction to all of us that men of his training interest themselves in public life, and I trust that his example may be followed by many, in this new country which so much requires the services of those of his type, who are prepared to place themselves at the disposal of their country whenever the opportunity offers, whether in offering their lives as a willing

sacrifice, or their time for the promotion of the welfare of their fellow citizens in days of peace.

All these things have to do with a public career, but there was the private side to the life of Major Betts that we cannot overlook. He had but recently been married, and had a young daughter not yet six months of age. I think those of us who may have seen him night after night, between ten and eleven o'clock, busily engaged in writing, realized that he was writing a note to the loved ones at home. He never wearied of speaking of his wonderful wife and child, and I read in the press that small photographs of them were found upon his person after his death. Those of us who had the privilege of meeting his mother when she came to Ottawa at the opening of this house, when her son took his seat, will realize something of what her sorrow must be, that one who had escaped death in so many forms had to meet his end under the tragic circumstances to which we have referred. Indeed we who knew him as a comrade, as a colleague, had become so accustomed to his cheery ways that usually he was referred to in no other terms except the word "Freddie." He made for himself so secure a place in the hearts of all who are here that it is impossible to contemplate as a reality the fact of his leaving us. We think of it only as something that is not yet real, that one to whom we were speaking but yesterday, so it seems, has gone from us, and that he shall return no more to this house, neither shall his place know him any more. These words from the book of Job fittingly express the situation.

We would indeed be a poor people, Mr. Speaker, poorer than we are, if in the midst of all this sorrow and sadness we had not the firm hope and conviction that after all, although death has so many doors to let out life, it is in reality the gate to life eternal. With this thought we shall cherish the memory of a dear friend, a devoted colleague, one who had endeared himself to us in so many ways by so many little acts of kindness that his memory will live with us until the end.

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, on behalf of the members of this group I desire to join in the expression on the part of this house of keen regret at the untimely passing of one of our number, and our sincerest sympathy for those who have been bereaved in such a tragic manner.

Some of us gained a closer acquaintance with Major Betts than otherwise might have been possible in the ordinary associations of this house. This was because of the warm-hearted comradeship that he invariably expressed towards his fellow ex-service men. In this way we learned to appreciate his manly qualities, his unfailing courtesy, and his very definite and keen interest in the welfare of his former comrades-in-arms. We shall miss him. Ex-service men within and without this house mourn his sudden death and salute the memory of one who proved himself, in the highest sense of the phrase, an officer and a gentleman.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, I desire to express through you the sincere sympathy of this group with the members of the house for their great loss and with the members of this good man's family in their bereavement.

I was impressed with the words of the right hon. leader of the opposition (Mr. Bennett) in which he showed so clearly how full had been the life of this man, and pointed out how strange it was that he should die as he did. One cannot escape the thought that it occurred as it was designed to occur, and that the great poet who said "there is a divinity which shapes our ends" was expressing what has been and will continue to be a truth so long as the world endures. Therefore perhaps it is well that we should look upon the bright side of this untimely event. It is well perhaps that we should look to the dawn that arises rather than to the sunset which is fading.

Tennyson said at one time that there must be other greater work for the Duke of Wellington to do than that which he did when he fought at Waterloo. There must be other greater work for Major Betts to do than the great work which he has already done, even although that work was sufficient to fill completely a most valuable life.

I rejoice over this man's life because of two things which have impressed themselves upon my mind through my knowledge of him in this house. The first was what he did in the service of his country, and I think there is nothing greater that a man can do. Greater love hath no man than this, that he offer to lay down his life for his friends. He did his work there well.

In this house he fought consistently for the interests of the returned men. As the days go by it will become increasingly evident to all the members of this house and the people outside that we in Canada, much as we have done, have left far more undone that we ought to have done for the returned men. It therefore is a misfortune to lose a man who has been so active for the returned men.

I feel also that it is a great privilege to die in harness. This Major Betts has done.

I think the last time there was a debate in this house in which he could be interested, he took part, and took part well.

While I regret greatly that he has passed, there is cause for satisfaction in the fact that the misfortune has associated with it so many things which can ameliorate the suffering which all must feel.

Mr. D. G. ROSS (Middlesex East): Mr. Speaker, I feel that I cannot refrain from adding a few perhaps intimate but none the less sincere remarks to those the house has just heard from the right hon. the Prime Minister of Canada (Mr. Mackenzie King), the right hon. leader of the opposition (Mr. Bennett), the hon. member for Vancouver North (Mr. MacNeil), and the leader of the social credit party (Mr. Blackmore). Because of these eloquently worded tributes I am reluctant to add anything, and yet with the sincere appreciation I hold of Major Betts' military record—he served with the twelfth battery, C.F.A.—I should feel I was derelict in my duty if I did not add a humble and sincere word.

The returned soldiers of the house numbered just under two score—thirty-nine in all—but to-day we are thirty-eight. This is the first break which has occurred in our ranks. I attended the same school, Princess avenue in London, as Major Betts, or "Freddie," as many of us affectionately knew him, and when I recall the many months of keen suffering that he endured following the termination of the war, and remember that by a high measure of courage he recovered and became an extremely valuable member of this house, I feel that as one who was a comrade-in-arms, and who represents a constituency adjoining his own—in fact, over a score of divisions in my riding of Middlesex East pierce into the very heart of the city of London—I could do no less, and I can do no more, than in this house to pay him this humble tribute.

May I not add on behalf of every returned soldier in the house a last deep measure of sincerest sympathy to his young and charming wife, his grand old mother, and all relatives. After all, he fought a good fight; and there is always the incomparable consolation expressed in those lines of the great Athenean orator, Pericles.

They shall not grow old, as we that are left grow old;
Age shall not weary them, nor the years condemn.
At the going down of the sun and in the morning
We will remember them.

Mr. ARTHUR J. LAPOINTE (Matapédia-Matane) (Translation): On behalf of my French-Canadian fellow war veterans, I wish to join the distinguished gentlemen who have just spoken, in voicing my deepest sorrow for the death, which happened so suddenly and in such tragic circumstances, of our lamented colleague the hon. member for London, Mr. F. C. Betts.

While attending meetings of war veterans who were members of this house, it happened quite frequently that I sat next to him and on such occasions, overlooking our differences of opinion in the political field, we often had very friendly conversations. I was thus in a position to appreciate his warm-heartedness, his great courtesy, his kindly spirit and his good breeding.

The hon. member for London will be sadly missed in this parliament.

I wish to tender my heartfelt sympathy to his sorrowful wife, to every member of his family and to the hon. members of this house who belong to the Conservative party.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): On behalf of the members of the House of Commons committee on civil service, I extend our most profound sympathy to the family of the late Major Betts and to his friends and colleagues of the Conservative party. He was a barrister of note, a gallant soldier, a parliamentarian of great experience acquired in a rather short time; he was a very able debater, and a sportsman. The floor of the house is not always a dividing line between members of opposite political affiliations; and sometimes, during the heat of a debate, I was at times the recipient of very gracious notes from the hand of the late member for London. He was a good friend; he was of genial disposition, and his passing is deeply regretted by all. On the evening before his death I happened to meet him. He took his wallet from his pocket and showed me an heirloom, containing the picture of his infant daughter in the arms of her mother. I have told the members of the House of Commons committee on the civil service that they were the finest group in the house. The late Major Betts was one of them.

GRAIN INQUIRY COMMISSION

REPORT TABLED BY THE MINISTER OF TRADE AND COMMERCE

Hon. W. D. EULER (Minister of Trade and Commerce): Mr. Speaker, I lay on the table two copies of the report of the royal grain inquiry commission. The report is now being printed and will be ready for distribution in about a week.

FARM IMPLEMENTS COMMITTEE

MOTION FOR CONCURRENCE IN SECOND REPORT PRESENTED APRIL 8, 1937

The house resumed from Friday, May 6, consideration of the motion of Mr. Johnston (Lake Centre) for concurrence in the second report of the special committee appointed to investigate farm implement prices, presented to the house on the 8th of April, 1937.

Hon. W. R. MOTHERWELL (Melville): With our hearts and minds so filled with sorrow and sadness on behalf of the departed and the bereaved, it is not an easy matter to take up parliamentary business and resume the debate. However, difficult as it may be, it is my duty to start and I intend to carry on.

This debate has continued over two years and in the main, I think, has been reasonably moderate and fair. At least I think that has been the desire of all of us. But during the discussion a new feature seems to have been interjected into the farm implement situation. It will be recalled that following the advent of this government to power in October, 1935, in two weeks' time we found the Prime Minister and his staff of advisers entrained on their way to Washington to negotiate a trade agreement with our neighbours to the south. That was a natural and normal thing to do, and we expected it, although I must congratulate them on the speed with which they undertook the work. Among the tariff changes which they brought back was the reduction of farm implement duties from twenty-five per cent to ten per cent. That was an indication that our government was desirous of easing the burden of high-priced farm implements on the farmers of Canada. The new trade treaty incorporating this reduction was to come into force on the first of January following, that is January 1, 1937. Unfortunately the farm implement people apparently coincided, though maybe not deliberately, their action in raising their prices on exactly the same date. In discussing the matter they disclaimed, I believe, any intention to be thwarting the desires of the government to lighten this burden on the farmers of Canada. They said that the increase had been arranged previously and they were just carrying out what their intention had been. I am prepared to accept that for the moment, and would accept it entirely were it not for the fact that the same thing happened in the year following. When the budget was brought down in 1936, the government found it desirable further to reduce farm implement duties by 2½ per cent, which brought the duty down to 7½ per cent plus the 3 per cent excise. Following that, and in the middle of the drought of last summer, our farm implement manufacturer friends again put up the price to the farmers. That, Mr. Speaker, looks like going a little too far, and it made it very difficult to accept the explanation of their first move of that nature. To say the least it was unfortunate, and if it were not done deliberately it showed very foolish business ethics to choose their time so inopportunely to raise prices.

It is not difficult for those of us who live in the west to visualize what were the conditions when that action was taken. There was drought such as we have never seen or heard of; heat 112 and 114 degrees in the shade for days on end. It was quite evident that very little crop would be harvested by thousands, and many farmers did not at the time care much what the increased price was put at, because they were not going to have anything to reap that year. But imagine the terrible callousness of head office business men whose first duty, one would think, would be to serve their customers fairly and opportunely, in sticking up the price at that distressing time!

We have been discussing ever since what we are going to do about it. As a matter of fact it was this attitude of the farm implement people which resulted in this inquiry being instituted, initiated by the hon. member for Lake Centre (Mr. Johnston) and authorized by the government. The hon. member for Lake Centre, whose name is on the motion, now asks for concurrence in the report of the committee. The committee has not made, in my opinion, any extreme or unwarranted recommendations. The hon. member for Lake Centre, believing that present conditions warranted such action, has recommended that the entire duty be taken off farm implements. Our friends on the other side, especially the hon. member for Greenwood (Mr. Massey), think this is pretty harsh and unfair, and so perhaps we are justified in going back for a moment to see to what extent the farm implement business has been sheltered and nurtured through all the years.

In 1909 the United States had a standing offer of free farm implements to all who would reciprocate. That offer stood for several years but no action was taken. The government of Canada had decided that they were not ready for free farm implements, and therefore we had no free access at that time to that country. Then came 1911 with the reciprocity agreement, but again there were no free farm implements, which showed that the government of that day was not desirous

of ruining the industry, as we are sometimes charged with. There was a small reduction in farm implements in the agreement of 1911, but that was not carried into effect. I do not think the leader of the opposition (Mr. Bennett) would claim that he had anything to do with that agreement in 1911, although I believe he makes some claim in connection with the present agreement of 1935—except do it. At any rate, we will admit that he has had something to do with it. Well, here we have later the farm implement men being given the offer of free implements to the United States in 1913 and throughout the intervening years, twenty-five years to be exact. That shows that every government has been exceedingly considerate of the manufacturers of farm implements in Canada, and for that matter of other manufacturers as well, though our discussion to-day is confined to farm implements. I take the ground, therefore, that we have not been harsh, no government has been harsh towards the farm implement manufacturers.

At this particular time, it seems to me that if we are to have representative government in Canada along the lines of the greatest good to the greatest number, we should consider the situation as it exists. We have approximately 700,000 farmers in Canada most of whom have indicated clearly their desire to have the tariff burden which now rests upon them lightened; on the other hand the implement manufacturers in Canada can be numbered perhaps on the fingers of one hand, and their desire lies the other way. Truly enough, there is the labour situation to be considered; but I would point out that there is a labour situation among the farmers themselves. There is a large number of farm labourers who must be taken into account, and there are also the families of the farmers. To put it briefly, there are on the one hand 700,000 farmers, and on the other just a few manufacturers—700,000 to a handful. Which of these shall be served? Whether the farm implement manufacturers intended to flout the desire of the government for a reduction in the price of farm implements I do not know, but in the meantime our farm implement companies have had access not only to our own markets, but free access to the United States market since 1913. That is not generally known throughout the country.

I received certain figures to-day from an appropriate source indicating that in 1928 and 1929 the sales of Canadian farm implements to the United States amounted to more than $3,000,000 per annum. Later on in the midst of the depression they dropped to a few hundred thousand, but they are coming back now rapidly. So that while the farm implement men have been denying the farmers of Canada the benefit of lower prices that usually follow lowered duties, the United States government has been giving the Canadian manufacturer free access to that country. No one will deny, I submit, that the farm implement manufacturers of this country have been well taken care of over a long period of time, some seventy years, during which they have been nurtured and protected; and now the farmers are at the point where they cannot carry this additional burden any longer. A good many of the farmers on the prairie are on relief—while elsewhere they have felt the pinch of protective tariffs for years. The time has come when we should know whether it is the implement manufacturers who are running the show in Canada or the government.

A week ago last Friday the Minister of Agriculture (Mr. Gardiner) issued a clarion call—not a battle cry, I think, but a clarion call—in connection with the government's desire, as evidenced by reductions in duty, for a lower price of farm implements, or at any rate a price not accentuated by reason of tariffs. If we are not to get it by means of tariff reductions, then we must get it somehow. That was the philosophy of the minister's statement, and we thought it was a really good speech; it was something that needed saying. I congratulate the minister on that speech to this house and to the people of Canada. It is not, as some of us may foolishly and fondly suppose, committing the government to any tariff policy. No one announces tariff schedules in advance. The Minister of Finance himself does not do so, nor does the Prime Minister. Quite often tariff decisions are not made, with respect to controversial questions, until just about the last minute; so that these tariff matters are still open. I should judge from the speech of the Minister of Agriculture, however, that the interpretation thereof is that the government is considering the matter very carefully and is evidently on the point of some important decision with respect to it. What that is we shall not know at once, nor can we know until the budget is brought down.

If the emboldened attitude of the farm implement manufacturers continues, are we to have another increase in the tariff when they think it is desirable—another increase next year? I think something should be done, and while I do not like the word "showdown" I submit that we might as well face the issue now, because it is quite obvious that the government's desires and wishes in

this matter have been, either deliberately or otherwise, frustrated and thwarted by the action of the implement manufacturers of Canada. What are we to do? Suppose the textile report is followed by some appropriate tariff reduction, and that, in turn, is followed by increases in textile prices; what would we think of it? Well, in order to avoid that possibility we had better deal with the question of farm implements appropriately this session.

I do not know that I care to talk very much longer to-day on this subject, but I would call the attention of the government to one thing, and that is the duty of carrying out their intent of lessening this long existing burden on the farmers, because no doubt their desire has been thwarted. It is up to the government now, it seems to me, to take action. We do not expect them to do so to-day. The first thing is to carry this motion and thereafter, the session continuing, the budget will be brought down in due course. I do not like to advocate extreme measures in connection with this matter. Agreement cannot be arrived at on a controversial question like this, where there is such disparity of interest between the beneficiaries of protection and the victims thereof, without a large measure of mutual conciliation, and, possibly, compensation. To go at it hammer and tongs, forcing people to do this or the other, leaving a sore in the minds of our manufacturers, especially at this time in the disturbed history of our country and under the conditions prevailing abroad, would I feel be a mistake. I respectfully suggest to the government that instead of adopting the views expressed in the report and substantially lowering the tariff on these implements, or eliminating the duty altogether, they suspend the operation of the present duty on farm implements for say two or three years. The effect of that would be to give our farm implement friends an opportunity of reconsidering their foolish business methods which have been in vogue the last year or more by challenging, whether they intended to do so or not, the policy of this government in reducing these farm implement duties. It will also give the farmers an opportunity to catch their breath and recover in some measure from the depression of the last few years. I submit that alternative to the government until something better is in sight. Possibly at some other time, it may be when the budget is brought down, I shall have some further observations to make on the subject.

[Mr. Motherwell.]

Mr. BRUNELLE (Champlain) (Translation): Mr. Speaker, the question under discussion is of deep interest to the farmers. They need government assistance, and I am happy to note that this government desires to help them as much as possible. The report of the committee appointed to investigate the prices of farm implements, which we are now discussing, has established the existence of certain abuses on the part of the manufacturers and recommends a further reduction in customs' duties on farm implements.

I wish to take a few moments of the time of the house to express my approval of this report which, from beginning to end, is favourable to the farmers.

The present discussion will indicate to the entire country that this government is not satisfied with merely praising the farmers of Canada, but really wants to help them. The attitude of the political parties on that point is being clearly defined. The supporters of the government are all stating their approval of the report and of the committee's recommendations tending to the reduction of farm implement prices, while the members of the opposition, from first to last, at least those who have taken part in the present debate, are opposing them.

The situation is clear. On the one hand we have the interests of the powerful, of the financiers, of the manufacturers, and the Conservatives are upholding them. On the other hand, there is at stake the welfare and interest of the weak, of the poor, of those who lack organization and money, the interests of the class which is admittedly the most important, because it is at the root of all national progress, in a word the interests of agriculture, and the Liberal party is upholding them.

It is in 1878 that Sir John A. Macdonald inaugurated a policy of protection for Canadian industries. This policy, it was said, was intended to aid only infant industries. Ever since, the buyer and consumer of Canada has been paying a bonus to the Canadian manufacturers. Ever since, the cost of living has been higher in Canada than in the United States. An automobile selling in Canada for $1,350 can be bought in the United States for $1,000. A radio costing $75 in Canada sells for about $25 in the United States, and so on. Farm implement prices have always been from 10 to 20 per cent lower in the United States.

All that is the result of the tariff policy initiated in 1878 for the protection of infant industries. After sixty years of existence

Canadian industries should be old enough to be weaned. It is now the farmer's turn to come into his own, to be able to pay what he owes and to buy at prices proportionate to those which he obtains for his products.

The Conservative opposition assume the defence of the manufacturers. They are constantly speaking of the inalienable rights of the powerful, of the rich, of the manufacturers, of the trusts—of vested rights. In order to give a plausible appearance to their love for the powerful, opposition members state that they are seeking to protect the workers employed in industry. The farm implement industry employs four to five thousand workers. I also am anxious for the welfare of these four or five thousand workers, but I am specially concerned about the welfare of the five million Canadians living on the land.

Farmers are sometimes called the monarchs of all they survey. They should be the monarchs of the land, but they are not. They have been dethroned in the course of the last few years, in many cases; they have lost their independence to become, to a great extent, the slaves of their creditors, of the powerful, of the manufacturers including the manufacturers of farm implements. I am not so much concerned in knowing whether the lowering of the tariff will have much or little effect on farm implement prices than I am in doing well what is to be done, in order to have the satisfaction that comes of the performance of one's duty.

On page 1295, we find recommendation No. 23, which reads as follows:

That recent reductions in tariff and other trade barriers resulted in the Canadian companies lowering their prices on certain farm implements imported from the United States, but the United States companies manufacturing a full general line in the United States and marketing these in Canada, did not lower their prices generally on importations other than those affected by the price reductions of the Canadian companies, indicating the lack of free price competition in the industry.

Now let us examine, in the light of statistics, whether it is the farmer or the manufacturer who is worthy of sympathy and assistance. Here is a page in the history of the International Harvester Company and the Massey Harris Company, based on their financial results, as shown on page 1224 of the report:

Financial history of the International Harvester Company of Canada Limited, from 1903 to 1935 inclusive:

In the period from inception to 1912 it earned $3,500,000, paid interest on all advances from the parent company and, if the policy of later years was followed at that time, earned in addition an undetermined amount of profits retained in the hands of the parent company. This was on a capitalization of $1,000,000.

In the period from 1913 to 1919 inclusive, it earned $3,000,000 plus a profit retained in the United States estimated at $4,200,000 and, in addition, paid interest on all advances from the parent company. This on a capitalization of $1,000,000 up to 1917; a capitalization of $10,000,000 in 1917 and a capitalization of $15,000,000 in 1918 and 1919.

In the years 1920 to 1925 inclusive, it made profits of $800,000 after absorbing the heavy losses of 1921 and 1922; received a surplus of $287,556 from the International Plow Works of Canada Limited and earned for the parent company a profit, retained in the United States and not shown in the operating results of the Canadian company, estimated at not less than $4,000,000. In these years it paid no interest on the advances received from the parent company and the capitalization was maintained at $15,000,000, increased by surplus, reserves and moneys owing to the parent company, to an average of $30,000,000 per annum.

A dividend of $3,000,000 was taken in 1921 by the parent company.

In 1926 to 1935, it earned on a different basis to the foregoing at least $24,500,000 on an adjusted capitalization claimed to be about $39,000,000.

Now as to the Massey-Harris Company Limited.

The company had its inception in 1891 with the merging of the Massey and Harris interests; the paid up capital of the company at its inception being approximately $3,500,000 of which $300,000 was paid in cash and the remainder was given in exchange for the assets of the constituent firms in the merger.

In the period from 1891 to 1912 this original capitalization of $3,500,000 plus $1,000,000 additional cash capital received in 1911, enabled the company to return the following values to its stockholders—

I will not quote the particulars, Mr. Speaker, but those returns amounted to $28,953,349.

During the years 1913 to 1921 inclusive, cash dividends were paid to a total amount of approximately $9,142,000. Stock dividends were declared in 1916, 1918 and 1920 to the extent of $11,044,200. Of these, however, nearly $9,000,000 represented profits in the period ended in 1912.

The period from 1922 to 1925 showed no appreciable change in the position of the company. It paid no considerable amounts in dividends and earned no large profits.

The loss for the period 1926 to 1935 inclusive, will be found stated in another section of this report as over $15,000,000.

The dividends paid during the same period were as follows:

Dividends paid on Preference Stock:

Fiscal year ending in—			
1926	7%		$ 846,293
1927	7%		846,293
1928	7%		846,293
1929	7%	½ year	423,147
	5%	½ year	302,247
1930	5%		604,495
			$3,868,768

Dividends paid on no par value Common shares:	
Fiscal year ending in—	
1929	$1,269,440
1930	1,637,016
	$2,906,456
	$6,775,224

Mr. Speaker, I need not comment upon that for the figures speak for themselves.

I had not intended to take part in this debate, but my concern for the farmers of my constituency compels me to do so. I am sincerely convinced that we can never do too much on behalf of the farmers. If it can truthfully be said that agriculture is the foundation of our country's prosperity let us be careful lest that foundation should collapse, let us maintain it strong and firm. It is unfortunate, in my opinion, that the farmers should not be better organized and more united, for that is a cause of weakness. I admire the farmers and I am concerned about the welfare, for I believe that in their own way, the Quebec farmers have been heroes in the past, on account of the hardships they had to suffer and the sacrifices they were compelled to make; but their descendants, instead of reaping the benefit of those sacrifices and hardships, are now facing almost insuperable difficulties. I admire the farmers of my province, and I am concerned about their welfare because they are courageous, industrious and serious-minded. I admire them for the reason that if fascism, communism, socialism and other similar doctrines ever really threatened to overrun our country, the last shot fired against them would come from the people of my province.

I will vote in favour of the report and the recommendations of the committee on farm implement prices, because I think it is an indisputable fact that the prosperity of the farm implement industry is directly based upon the prosperity of farming. Consequently, they must cooperate in such a manner that the farmer, when he has to sell his produce at the lowest prices, should not be forced to buy his farm implements at high prices; in other words, whenever the prices of farm products fall there should be a similar reduction in the prices of farm implements, and vice versa.

Mr. W. A. TUCKER (Rosthern): Mr. Speaker, at the beginning of this debate it was not my intention to take part in it, but since that time some remarks have been made which I believe should not be permitted to go unanswered.

In the speech he delivered on Thursday, May 5, the hon. member for Greenwood (Mr. Massey) is reported at page 2583 of Hansard to have said:

> It is not the 7½ per cent alone on implements which is at stake in this debate. We are debating a principle, and tied up with that principle is not only the future welfare of this dominion, but the unity of Canada as well. I deplore such utterances as have been made in this house and in this debate—yes, and deplore them in the sacred name of Canadian unity.

When the sacred name of Canadian unity is thrown into the balance in an attempt to justify the exploitation of one part of the country for the benefit of another part, I cannot sit in my seat and remain silent. There has been too much in the way of attempting to use patriotism and the like to justify exploitation and to persuade others to undergo exploitation. In my opinion that is one of the reasons for the disunity in Canada at the present time.

For an example of this sort of thing—before the election in 1911 a trade agreement was made with the United States which to-day most people will admit would have been to the great advantage of Canada as a whole. One of the reasons why people in Ontario and western Canada were persuaded to turn down the agreement was a campaign of patriotism and an appeal to Canadian loyalty. The hon. member for Greenwood referred to the noble part the Canadian farmers had always been willing to play in the building up of industries in Canada, and the implication seems to be that the Canadian farmer should go on submitting to the payment of taxes to corporations on everything he buys in order that the manufacturing industry of Canada may prosper.

If it could be shown that the manufacturing industry passed on to Canadian workers the benefits it received from Canadian farmers, there might be something in that argument. I do not think there would be much in it, because I doubt very much whether a government has a right to say to over half the population engaged in the basic industry of a country: "We will give certain people the right to tax you, to make things worse for you and your children, in order that a certain other branch of the population may be better off." That has been referred to in times past as the New Feudalism, the right to private taxation given to certain industries and private corporations. But does it actually have that effect of benefiting labour? The

hon. member for Greenwood actually said that he was speaking not in favour of the implement industry or of the farming industry, but in favour of the workers and the people engaged in farming industry. The thing that strikes me in regard to that contention, Mr. Speaker, is this: Does a high tariff increase the number of people engaged in the implement industry? Exports of farm implements in 1933 were valued at $1,324,776, while the imports amounted to $2,208,028. In 1936 our exports of farm implements were worth $6,344,000, and our imports $6,182,000. I ask those who make such a plea on behalf of those engaged in the farm implement industry, is it not much better to have trade flowing so that you manufacture and export $6,344,000 worth of farm implements rather than $1,324,000 worth? And our imports did not go up proportionally as fast. Can anyone, in view of these figures, place much reliance on the suggestion that the tariff should be maintained because it helps workmen engaged in the farm implement industry?

Furthermore, if you are going to have unity in this country it must be based upon justice as between different parts of the country and as between the different industries of the country. You cannot have unity based upon such things as were revealed in the textile investigation. One company engaged in the textile industry was permitted to charge high prices and pay itself roughly 98 per cent interest on the investment, in its common shares over a period of twenty-nine years, while the labouring people were paid lower wages than were paid in the United States and they themselves were paying more for the things they had to buy than they should have had otherwise to pay. That is giving the right of exploitation, of private taxation, and it is not conducive to unity or a sense of satisfaction on the part of the people of Canada. Moreover, Mr. Speaker, I think if one had at heart the unity of this country he would say that those suffering the most, those lowest in the scale of economic well-being should be the first to be assisted.

In a speech in this house on February 1 the hon. member for Huron North (Mr. Deachman) gave some figures in regard to the average earnings of the Ontario farmers. At first I intended to go into the earnings of farmers throughout Canada as a whole, but I realized that this might not be a fair comparison because of the drought in the west during the past few years, so I thought we might safely rely upon the figures of the hon. member in regard to the earnings of Ontario farmers as illustrating the general position of the farmer in Canada. You will remember, Mr. Speaker, that in his remarks he gave figures, which appealed to me, at least, as being fair, indicating that the average farmer in Ontario earned $362 net a year, and that was after allowing wages of only $155 to his son or daughter—not a high amount, since most farmers have at least one son or daughter working for them. Is not the farming industry then the one worst off and the one most entitled to consideration?

I have heard speakers discuss in this house, and I have worried over it myself, the situation that has arisen in this country under which even when you have increasing trade and increasing industrial activity you still have large numbers in the cities unemployed and on relief. I suggest to you that this is the result of our attitude towards our different industries. I suggest that the reason we have not even more unemployed and even more people on relief in the cities is that the people in the country who would like to go to the cities and engage in industry realize that if they did go they would not be able to get work and would have to go on relief. But I suggest that if you keep on putting manufacturing industry in a preferred position, as compared to agriculture, even if you increase the number engaged in industry by fifty per cent within the next six months and take those people from the relief rolls of the cities and towns, the same number will flock in from the country to take their places and attempt to find jobs.

I submit that you have to attack this problem in a fundamental way. You have to make the basic, most important industry in this dominion—agriculture—the attractive industry, or at least as attractive as other industries. You have to make it so attractive that those engaged in it will not be always looking for an opportunity to go to the cities and towns in order to get into manufacturing industry. If you do not do that, no matter how much you develop industry you will attract more and more people from the farms to take the places of those absorbed in industry, and you will have no permanent solution of the problem of unemployment and relief. On the other hand, if the agricultural industry is treated properly and made more desirable, the people presently engaged in it will remain so engaged; others will be attracted to it, and you will be decreasing the number unemployed and on relief. Then, as people remain and more go on the farms, the demand for the goods produced by manufacturing industry will be increased. That, I suggest, is a fundamental approach to this

problem, but the attitude of the Conservative opposition in this house is designed all the time to throw the thing more and more out of balance, to make things more desirable in manufacturing industry and less desirable in the basic industry of agriculture.

We have heard a great deal about labourers in industry, but there are labourers in agriculture also. I think any one who knows anything will realize that labour in the farming industry is not treated from the standpoint of hours of work, holidays or rate of pay, as well as labour in industry. That is not the fault of the farmer; he could not possibly pay any more than he does, but why is it that those who profess to be so much concerned about the labouring man never raise their voices in this house on behalf of the working man on the farm or the farmer's son working on his father's farm? They always speak on behalf of the labouring man in the city, the labouring man in industry. I suggest to you, Mr. Speaker, that the labouring man on the farm is just as important, and that he also should have defenders in this house. After all, agriculture is a very important branch of industry in this country. For example, from 1931 to 1934 inclusive the average number of men engaged in industry was 523,972. What are the figures in regard to those engaged in agriculture? Including members of families actively engaged in farm work we had 1,621,000 people employed in agriculture, or three times as many as were engaged in industry. So I say that if we are going to lay a permanent foundation for unity in this dominion we must make things better for that million and a half who have to make their living on the farms. After we have done that we can and should concern ourselves about those others who are not so badly off. For I should like to make it quite plain that I am not against making things better for the worker in industry. As the Minister of Agriculture (Mr. Gardiner) said the other night, a policy of lower tariffs alone would make things better for the industrial workers.

I have cited the figures indicating that the value of farm implements exported in 1936 was much higher than in 1933. We had the experience of more men employed in the farm implement industry after the tariff reductions of 1924 and 1925. In this connection there is also another feature which I should like to draw to your attention; it is a matter which I have always had a good deal of difficulty in understanding. It is why those engaged in manufacturing farm implements in this country need tariff protection at home when they can ship their products abroad and compete in the foreign market where they have no tariff protection. Here they have an advantage in that they do not have to pay so much in the way of freight rates, and if they can ship their goods abroad and compete in these foreign countries why should they require protection in Canada? Let me refer again to the figures I mentioned a moment ago. In 1936 the implement industry actually exported goods to a higher value than the implements that were imported in the same year. I will recall the figures again. In 1936 the agricultural implement industry of this country exported $6,344,000 worth of agricultural implements, and there were imported in competition with that only $6,182,000 worth. In other words, there was a favourable balance of $162,000, which we shipped out and sold in competition with the implement manufacturers of the world. Where, then, is the justification in forcing the farmers to subsidize the farm implement industry and pay more for their implements when that industry can compete with outside industry in the markets of the world?

There is another aspect of the matter that should be considered—and I am trying to cover the ground rapidly and deal with the principles involved as I see them. We have well established in the economic set-up of this country the idea of drawbacks, the idea that there shall be a refund of the tariff paid upon the raw materials that went into the finished product which is shipped out to compete in the markets of the world. I ask you, Mr. Speaker, is there any industry in this country that has to compete more with the low paid labour of the whole world than the agricultural industry? Agriculture has to compete with the low paid worker in Africa, in Egypt, everywhere. His tools, his implements are raw materials of the farmer. He has to sell his products in the markets of the world in competition with the people of all other nations, no matter how low paid their labour may be, and one of his raw materials is certainly farm implements, the means whereby he produces his products. Implements are one of the things he uses to produce his wheat, his butter, and so forth. If industry which asks for protection insists on getting drawbacks on the scale it does when it sells its products in the markets of the world, is not the farmer, who is made of flesh and blood and must live, just as much, at least, entitled to a square deal? Is he not entitled to drawback—a refund—on the basis of the excess he pays for his implements on account of the tariff policy protecting industry? When we

hear of the sacred name of Canadian unity, it is time our people began to see that we should base that unity on a fair deal to all parts and all classes of Canada.

Recently a prominent man in this country, making a submission to the royal commission investigating dominion and provincial relations, said that because of the difference in economic conditions as between one province and another some of the provinces could not afford certain social services while others could; that it was not fair to ask the richer to contribute to the social services of the poorer and therefore the best and fairest thing was to leave social services on a provincial basis. I ask you, Mr. Speaker, if Canada is not a nation? Do we not say to the individual Canadian: You must contribute to the national exchequer? In time of war did we not say to him: You must go and fight for Canada? Then when he needs help in the way of social services, are we to say to him: No, you are not a Canadian; you are an Ontario man or a Saskatchewan man? Are we to say that when it comes to upholding Canada, a matter of giving perhaps one's life for one's country, he is a Canadian, and that it is an obligation to Canada as a whole, but that when it comes to the state helping him in his hour of need, there shall be first-class Canadians and second-class Canadians, to be helped or not depending upon what part of Canada they live in? It is that sort of thing that is helping to break up Canada and make people feel there is not a real Canadian spirit, a real spirit of justice and fair play among Canadians as a whole, as there should be.

The fundamental question before us to-day is this: Are we at last going to do justice to the basic industry of this country, or are we going to permit it to continue to be exploited on behalf of one particular industry?

There are one or two other remarks that were made with which I should like to deal; I cannot deal with all of them. The hon. member for Greenwood (Mr. Massey) said, at page 2580 of Hansard:

> But I do know that the implement industry feels that prices should be based on costs, not on the law of supply and demand.

And the hon. member suggested that he was favourable to that idea, that the prices of the things the farmer has to buy, one of his raw materials, his farm implements, should be based not on the law of supply and demand, but on the cost of production in Canada, knowing at the same time that the selling price of the products the farmer has to sell will be based to a preponderant extent upon supply and demand in world markets. Is he prepared at the same time to say that the selling price of the things the farmer produces shall be based on the farmer's cost of production? I just wonder if the Conservative opposition in this house is going to say: We are going to treat the farmer differently from the manufacturing industry. Is it going to say that the manufacturing industry will be permitted to get together by open or secret agreement and charge prices based on their cost of production, while the farmer shall be exposed to getting what he can in the markets of the world? Or is it their policy to say to the farmer: We are going to reimburse you the cost of production on your apples, your cheese, your butter, your wheat, on your oats your hay and your barley? We should hear what their policy is. If they are going to talk about the needs of industry, let us have one and the same policy for the farmer and for industry. If you are going to say that the price of farm implements should be based on the cost of production and a reasonable profit, then those who talk about the unity of Canada should be saying that the farmer should be treated in exactly the same way. If they do not do the one, they should not do the other. If they are not willing to do both, let them stop talking about the unity of Canada.

There is another thing I should like to say in conclusion. The Crowsnest pass freight rates have been dealt with in this house. This solemn agreement made with the railways provided that, amongst other items, no higher than a certain rate should be charged on goods hauled to the west. That agreement was abrogated by act of this parliament. The Crowsnest rate on farm implements should be restored at once.

I hope democracy is a real thing in this house. The last convention of our party held in 1919, came out, as I understand it, for the free importation of farm implements, one of the raw materials of the farmer. We have been again returned to power by the people of this country. We must let the peoples' will prevail. Special pleading for special interests should no longer prevail in this matter to the slightest degree in this House of Commons. The expressed will of the people who voted for a low tariff policy should be given effect to by legislation. There should be no more argument, no more delay, no more procrastination, with people still enjoying special privileges given by high tariff. The tariff should go down, and the tariff on farm implements especially should go down, or even be wiped out altogether. We are told by the Conservative party, that they had

an agreement with the farm implement industry that if the Conservative government would give them the right to charge their prices under the protection of a high tariff, they would not raise such prices; and we have been told that they have kept that agreement. We also know that the cost of producing farm implements in 1936 was less than in 1932. We know further that since this government got into power, the manufacturers, instead of lowering the price have twice raised the price of their implements, and done it the second time in the face of a finding of a committee of this House of Commons that the first raise in price was not justified. We know that, and yet we say that taking off the tariff will under present conditions effect a reduction in price. If that is not the case; if the implement industries of the North American continent have things so organized that they can raise their prices when their costs come down, and can do just as they please with the people of Canada, then I suggest to you, Mr. Speaker, that the sooner we know it the better. The sooner we take the tariff off and see whether that alone will work to lower prices, the better. If it does not work, I suggest we should then put the efforts—the full power—of this government and the finances of this country behind the development of a cooperative movement to manufacture and supply the farmers with farm implements at cost. If the embattled farm implement industries of this country, which have built themselves up under protection given by the Canadian people, have now got to the point where they are ready to challenge the people and their representatives in parliament, and to do as they please with regard to the needs of such a basic industry as agriculture, it is time for this parliament and this government to take up the challenge and show the implement industry and anybody else who may be looking on that parliament is supreme, and that if we cannot get justice in one way for the farming industry we will get it in another.

I beseech the house to pass this report. I suggest that the government go further and take the duty off agricultural implements. I further suggest that they reduce freight rates to the Crowsnest Pass level. They should then watch things very closely, and if prices do not come down at least to a figure comparable to prices in 1932, when costs were lower, other decisive action should be taken to see that justice is done to that fundamental industry which is now so depressed in this country, the farming industry.

[Mr. Tucker.]

Mr. W. F. RICKARD (Durham): I had not intended to speak on this motion, nor do I now intend to take up very much time, but, as a farmer who uses farm implements first hand, I feel that I should make a few observations.

I was much interested in listening to and reading the speeches of some hon. members. I listened to the hon. member for Greenwood (Mr. Massey), and noticed that he made a definite point of the services which implement companies render to the farmer. Well, as a farmer I always thought that I had to pay for the services I received from agents of implement companies. Every time that the agent of the Massey-Harris or any other company comes to my place to repair a machine I pay for that service out of my own pocket and, I think, very dearly. It is true that services are rendered in connection with new machinery, such as delivering it and setting it up and keeping it in shape for a short period, but all that is charged up to the cost of the implement. Services and repairs, particularly the latter, are altogether too expensive. If a farmer has to buy repairs to-day for a binder, or for that matter any other machine, he might far better buy a new one.

We realize to-day that to farm successfully and to compete in the markets of the world we must have good implements. But I agree with the hon. member for Brant (Mr. Wood) that it is very doubtful whether all these latest improvements, such as alemite greasing, oil bath mowers and pole trucks, which add to the cost of the implement, are worth the extra expense. Of course if we demand these things we have to pay for them. But certainly there is too much difference between what the farmer has to pay for his equipment and what he receives for his products. Some will say, let the government do something to increase the price of what the farmer has to sell. But I believe I am speaking for the farmers of my constituency when I say that the prices of farm produce during the past two or three years—that is for the farmer who has anything to sell—have been fairly good, much better than they were in the period from 1930 to 1935. True, the price of cattle has been lower this year than last, but 6 or 6½ cents a pound is not a bad price, unless the speculator paid too much when he bought his cattle and put them in the stable in the fall. Hogs have fetched a good price and grain a fair price. But the operating expenses of the farm to-day are too great. Taxes and all overhead expenses are too high.

As in the case of improved farm implements, we have demanded these improvements and we have set a standard of living which seems altogether too high. It is all very fine if we can keep up with it and pay our way, but I do not believe we can.

I am not a free trader, and certainly I am not a high protectionist. I believe that the middle course is the proper road to take. However I do not think that the implement companies, in the face of the reduction of the tariff on farm implements, had any justification for raising their price, notwithstanding what has been said about the increased cost of raw material. Had these companies shown any tendency to meet the needs and requirements of the farmer I would have favoured giving them the benefit of the doubt, but as it is I should like to see the duty taken completely off the importation of repairs for farm implements and, unless we get better cooperation from these companies, taken altogether off farm implements. It seems to me that implement companies are creating a monopoly in order to get more for their machines. If on the other hand they would try to reduce the price, and thus sell more implements—for to-day there is scarcely a farmer who does not need new implements—they would increase employment for thousands of men who are dependent on industry for a living and enable them to buy more farm produce.

In my riding we have no farm implement company, but there are several other very important industries. We have a fertilizer plant which makes fertilizer for the farmers' use, and to-day it is doing a bigger business than it has done in years.

There must be a common understanding between capital and labour and between industry and agriculture if we are to retain our democracy. Farmers should do what they can to cooperate with the manufacturing companies, and the men working in those industries should strive to cooperate with the farmers. I say again that if these companies persist in maintaining high prices for their implements we shall have to go as far as we can to stop that sort of thing. It has always happened that when prices of farm produce are in close relationship to the prices of manufactured goods we have the greatest measure of prosperity, and that is invariably under a Liberal government. I believe that, under the leadership of the Prime Minister (Mr. Mackenzie King) and the Minister of Finance (Mr. Dunning) we shall go a very long way in that direction. I am not in favour of appointing any more commissions to investigate these things. As a government let us take action ourselves.

Before I sit down let me congratulate the mover of this report, the hon. member for Lake Centre (Mr. Johnston) upon having brought it before the house.

Mr. J. D. MacRAE (Glengarry): The people of the constituency I represent are largely employed in farming, and the question of farm implement prices is of keen interest to me. The west reckons its purchasing power in bushels of wheat, western Ontario its purchasing power in pounds of beef, but the farmers of Glengarry county are largely engaged in dairying, therefore their purchasing power depends on the price they receive for a hundred pounds of milk.

During the years 1930-35 milk manufactured into butter and cheese was making a return to the farmer of sixty to sixty-five cents per hundred pounds. At that price it was impossible for them to replace their worn-out machinery. It was amazing, in travelling through the country, to see the number of machines that were held together with hay wire. In 1913 a farmer could purchase a binder for $137, and he received at that time about one dollar per hundred pounds for milk delivered at the factory door. This made the purchase price, in terms of pounds of milk, 13,700. In 1938 a six-foot binder suitable for use in Ontario can be purchased for $263. Milk is now yielding about a dollar per hundred pounds. So that it will take 26,300 pounds of milk to purchase that binder. The purchase of other farm implements is on a similar scale. As was pointed out to the committee, the price of the binder at factory was $123 and the retail price $263, leaving a spread of distribution costs of $140, which seemed to me to be excessive. If the farm implement companies would agree to eliminate much of the high pressure salesmanship and try to reduce distributing costs, it would greatly benefit the country.

I am fully convinced that if we had a fair exchange of commodities in our production it would do much to solve the difficulties in the economic situation which we are now experiencing. If this condition could be brought about we would not need to consider the social credit theories of Alberta. The hon. member for Haldimand (Mr. Senn) suggested that as this committee brought in its report two years ago its findings do not apply to present conditions. The hon. member for Greenwood (Mr. Massey) intimated that he had severed his connections with the

implement business six years ago, and therefore he can no longer speak with authority on the production side of the question. Much as I admire his fluency of speech I cannot admire his train of thought.

Right Hon. R. B. BENNETT (Leader of the Opposition): I am greatly tempted to make a speech in reply to the many observations that have been made in this house on this report, but I shall refrain from doing so, and shall endeavour in a very few sentences to bring to the attention of my fellow members and my fellow citizens some of the reasons why I feel that we should not engage in the form of sectional warfare in which we have been engaged in the last few days.

I confess that there is no matter in which, since I went west forty years ago, I have had a more sustained interest than the price of farm implements. The real story of farm implements is almost romantic. If we carry our minds back to the days of the prophets of old, the ox as he trod out the corn was not to be muzzled; if we remember the tale of the gleaner as recorded in the book of Ruth, and the crude instruments of which we now have the evidence in our museums, we can understand the extent to which the farmer of this country is dependent upon the manufacturer.

It does seem to me very strange that in this house we should be constantly apologizing for the manufacturer. Sometimes I find it difficult to understand that state of mind. Who is the manufacturer in Canada? I hold in my hand the book supplied by the Department of Trade and Commerce to every member of this chamber, and when I turn to pages 46 and 47 I find the value of agricultural production, and turning to page 94 I find the value of our manufacturing production. I find that in 1936 the total value, in all provinces, of agricultural capital, including live stock, implements, machinery, lands and buildings, was placed at $4,628,375,000, in round figures. Turning to manufacturing production I find it estimated thus in 1935: Capital, $4,698,991,000, with nearly 25,500 establishments employing 582,000 persons, with half a billion paid out in salaries and wages, and almost a billion and a half paid out in the cost of materials, with a gross value of products amounting to nearly three billions.

Why, then, should we be so apologetic when we speak of the manufacturing industry of Canada? Why should my fellow Canadians be so apologetic on the one hand and critical on the other of the industrial life of the country? For my own part I am proud of it, as I think most Canadians are. We go about the dominion speaking of what we have been doing and of what we have accomplished. I realize, of course, that the manufacturing business in Canada became very great during the war for reasons that need not now be discussed, and I realize that our plants attained a measure of efficiency and effectiveness that they had not before known. The real question that we have to face in connection with agricultural implements is not limited to implements alone. The flail—and I daresay there are members of this house who have never seen a flail—the sickle and the cradle have given place to the binder and the combine; and the application of high mechanical skill has developed the mowing machine, the rake, the tractor, the caterpillar tractor, the power-drawn harrow and ploughs and implements that are used for the purposes of cultivation not only in this country but in every other country in the world, whether it be in the cotton fields in the south of this continent or in our wheat fields, or our corn fields, or our potato fields. Whether it be in any of these fields there is usually some special implement or instrument that is utilized for a specific purpose.

I make these observations by way of introduction; for, as I have said, the temptation to engage in a partisan discussion of the situation is very great. I do not propose to take part in such a discussion; for I do not believe that the men to whom reference has been made are endeavouring to exploit the Canadian farmer. I have under my hand one of the last reports of an implement company, the Massey-Harris Company; I find that one of the directors is a member of this house, Mr. W. H. Moore; and I find that others who are members of that board of directors are men who, I am sure, have a high sense of their obligation to every part of our population. Does any hon. member believe that these men are endeavouring to exploit the farmers of the country for selfish purposes? I think not. If I were engaged in a partisan discussion I could point out how strange it is to have the suggestion made that prices could be fixed by this government or by this parliament, which, as the privy council has decided, has no jurisdiction over price-fixing except in times of emergency; or that we should exercise control over the capitalization of companies, when all the companies to which reference might be made are companies which attained their powers in those halcyon days between 1920 and 1930?

I want to ask my fellow members one question: Is it desirable that Canada should have an agricultural implement industry? That is the first question which I suggest should be answered. In Russia when they first outlined their five-year plan they concentrated their efforts upon being able to produce implements of production. I have lived long enough in this country to see it suffer because we had not refined material with which to meet our own requirements, notwithstanding that we were sending out in ingot form the raw material that we required in refined form. I could give instances now, if it were desirable, in which Canadians had reason to apply for the use and purpose of a certain type of refined material which we, owing to our great production of electrical energy, sent from this country in ingot form; but owing to the prior claims of other purchasers in another land we were not able to secure a supply for our wants.

Sometimes it has been said that instruments of production should be placed upon the free list, and that Canada is not interested in the development of an industry for the production of instruments or implements of production. Nothing could be more injurious to this country than that we should be without an agricultural implement industry. When the great war came upon us a great implement factory in Great Britain was taken over by the state and used for the production of munitions of war, and the export business of that organization vanished. We in this country I think would, almost by common consent, answer in the affirmative the question, shall we have an agricultural implement business in Canada? True we have had such an industry here since 1847. We have had an industry here which developed from very small beginnings. Those who are familiar with the romantic story of the development of the industry in the United States, of the efforts of McCormick, need not be ashamed of the efforts made by our pioneers, who were not machinists in the large sense of the term, or trained engineers, but who established the industry in this country. Necessity was the motivating power behind them, and they worked out in a small way just what, for instance, MacKay did in Australia. There they have still preserved the little area in which MacKay began the production of agricultural implements for that great commonwealth, the industry having now grown to a very great business. They have their implement business; they realized that it was essential that they should have it. Disturbances in transport, something always to be considered; the necessity for the preservation of neutrality, always important; the utilization of an implement factory for war purposes, always a possibility: these factors alone, apart from every other consideration, necessitate that the Canadian people should have in this country an agricultural implement industry.

Then if my fellow members answer that question with me in the affirmative, they realize that at the present time we have four large industries engaged in the production of agricultural implements. Our ploughs have a reputation in the Argentine second to none in the world. Our machinery produced in Germany and France is second to none. And even in the United States of America one of our factories has a very efficient production service. Our implements or instruments of production are well and favourably known. Under these circumstances, having had an industry for many years, and agreeing, as I trust my fellow members do, that we should have such an industry, there must be a condition attached to it, or conditions. What are the conditions? The conditions are two: (1) that the quality of the implements thus produced should be as good as it is possible to produce anywhere in the world; (2) that the price should bear a just relation to the cost of production. Are there any other conditions that one would suggest with respect to a matter of kind, once you have concluded that you should have the industry?

The next question, then, that we would have to answer, dealing with this matter purely as a business transaction, is, how can we accomplish this end? By what means can we ensure to Canadians a domestic implement business in all its branches, ensuring not only the industry but the quality and the reasonable cost of the product? Well, various means have been suggested from time to time in the world's history as to how that might be accomplished. But every nation in the world has had recourse to one device to accomplish that end. Great Britain was the last to adopt it, because by reason of her established trade and her banking and finance facilities in London, Great Britain had been able to bring to her shores vast quantities of raw material which could be fabricated at very low prices. Those of my fellow members who have read the life of John Morley will remember with what resentment he contemplated the possibility of there being any interference with the contractual rights of those who employed labour at any price they saw fit, of any age and for any hours of toil. That state of things is past.

The device or method, then, that we and every other nation of the world have adopted to accomplish that end is the tariff. The Minister of Labour (Mr. Rogers) said the other day that you could not contemplate this country now without tariffs. Tariffs in Canada owe their continuance to two facts which cannot lightly be overlooked. One is our geographical position. Whether you or I like it or not we are, as the Prime Minister (Mr. Mackenzie King) remarked the other day, part of the North American continent. On the North American continent we have 125,000,000 people who have by mass production carried industry to a point of effectiveness and efficiency unknown in the world before. There has been nothing like it in labour-saving devices, in the methods utilized by the genius of inventors to carry forward their undertakings. And the other fact is that with a small population we are endeavouring to develop a vast area in which we have provided facilities for transport, by sea and land, to an extent that really menaces the economic safety of our country. In other words, we were over-ambitious; we contemplated a vast population which has not materialized, and eleven millions of people are carrying a burden which can be borne only if we maintain some form of industrial activity.

As part of the second reason I have given—and it might be regarded as a third—you have the consideration which I trust will always be in the mind of every hon. member, namely the shifting of our population. So long as you had in Canada a population the major part of which was rural, you had a situation which was not very difficult to deal with. But to-day we have a population the major part of which is to be found in cities and towns. That has created for all governments—and I trust hon. members will agree with me as I proceed, because I am trying to keep away from controversy—a problem of great magnitude. Think of it: over one-half of the population of this dominion has gone to the cities and towns. That became apparent for the first time when the census was taken in 1931. It has been greatly accentuated since that time. Our population in cities and towns has grown and grown. People are going from the country to the towns and cities, in the west chiefly because of crop failures and in eastern communities for other reasons which need not here be discussed; and the result is that to-day, in this early period in our history as a dominion—only now, be it noted, something like seventy-one years, which is but nothing in the life of a country—the major part of our population is in cities and towns.

Any student of history knows what the result of that is. A man does not need to be a trained economist to recognize the seriousness of the result of that condition. What has it done? It has placed upon the cities and towns the necessity of providing some form of industrial life, unless that population is to be maintained on relief by the state. That is the real fact of it.

Now, the necessity for some form of tariff being admitted—

Mr. TUCKER: We do not admit it.

Mr. BENNETT: The hon. member says, "we do not admit it"; I had hoped that in view of the statement made by the Minister of Labour the other evening we would be a unit on that point. It is true that in the United States with respect to raw materials high tariffs have been very largely replaced by free entry, and it is true that in this country the free items are very much more numerous than the average man realizes, as he will learn if he will study the tariff. The tariff as a structure was designed to encourage the development of the country, and to provide us with facilities whereby, in a moment of stress and strain, we might be able to maintain our position.

I know there are very acute differences of opinion as to the extent to which a tariff should be imposed. But I cannot think there are many members of the house who are realists who will not admit that the tariff is no longer a question of discretion on the part of governments; it is a necessity. Then, if that be so—and I submit it must be so—is not our only question the consideration of what shall be the extent of the tariff? Is that not the only question? And if that is the question to consider, what factors enter into it? I suggest to hon. members that in a country with a population so sparse, inhabiting an area so vast, and with an urban population so great relatively to the rural population, subject to the conditions I have imposed as to quality and price, the tariff should be such as to give to the Canadian producer in factory and mill the business of his own country. I have never hesitated for a moment to say that I apply that principle also to agriculture.

The hon. member who spoke a moment ago was hardly familiar with the tariff history of the country. I trust I am not becoming controversial when I say that we encountered much criticism because we endeavoured to see

that the farmers in and about the great cities, whether growing fruit or market garden truck, should be protected from the climatic advantages which belonged to their competitors in another country.

Mr. TUCKER: Anyone will throw a sprat to catch a whale.

Mr. BENNETT: Yes, but this was not a sprat to catch a whale.

Mr. TUCKER: For all the benefit it did agriculture, it was.

Mr. BENNETT: The hon. member for Rosthern must excuse me if I decline to enter into a controversial discussion with him, because I am going to continue my observations on the basis I commenced them. But I shall have much pleasure in entering into that phase of the matter on another occasion.

Let us proceed farther. Is it right to suggest that the Canadian manufacturer should have the major part of the market in this country on condition (a) that his quality is right and (b) that his price is fair? The hon. member for Lake Centre (Mr. Johnston) agrees with that.

Mr. JOHNSTON (Lake Centre): I agree if the price is right.

Mr. BENNETT: I followed the hon. member, and I wish to be fair. He has said that he agrees with that view if the price is right, and the quality is also right.

We now come to a consideration of these two factors. I have already dealt with quality; nothing further need be said about that. It is admitted by even the most censorious. I now proceed to the question of price. I have said that I have been forty years in western Canada. In civil life I was a member of the bar, a solicitor as well as a barrister, and I can recall that as a youth, when I went there first, in the old office I saw accounts sent from the United States by implement firms to collect from those who had shifted residence from the United States to Canada. I can remember, too, being struck by the notes signed for Deere and McCormick machinery, and things of that kind, and I frequently talked with them about the situation. I do not mind saying that I frequently talked with the representatives of the manufacturers because to me, coming from eastern Canada, it was a little difficult to understand just what these high interest rates meant—so much per cent per month, and matters of that sort. Well, I slowly learned what was involved, namely the tremendous losses sustained by the manufacturers. Just as they pointed out, these people had left their country and gone to another, taking with them their implements which were not paid for in full; and there were the difficulties that came about by reason of servicing, parts and matters of that kind, together with the many uncertainties connected with the business on account of uncertain crops.

But I saw a lessening of the conditions imposed in those notes. I remember that the late president of the Massey-Harris Company, Sir Lyman Jones, came to western Canada on one occasion to look over the various agencies of the company and discuss this very problem with them. He was most anxious that farmers should get their implements at the lowest possible price consistent with a fair return upon the capital. And I remember asking the present High Commissioner for Canada in London, Mr. Vincent Massey, who was president of the Massey-Harris Company, in order that I might make the statement publicly, whether or not the Massey-Harris Company had ever sold implements abroad for less than they were sold in this country. He made an investigation and assured me that I might say publicly, as I did on more than one occasion, that they had not charged for their implements abroad a lower price than they had charged in Canada. That was something I was anxious to know; I was proud to have him make that statement and, as I say, I repeated it publicly on many occasions.

What is a fair price? I wonder if we would think it fair to have someone say to us here that he thought fifty cents a bushel was a good price for the wheat of the Minister of Agriculture (Mr. Gardiner). I wonder if we would regard it as fair for someone to come to a professional man and attempt to fix his fee. I heard a story of one of the most eminent United States surgeons who, having operated upon a distinguished and rich patient, had a cheque sent to him for a very large sum of money. He sent it back; he said "Our patients do not fix our compensation." They may discuss it, but the charge is made by the man who has something to give or sell, or a service to render.

Although there is a permanent board to deal with these matters, it was suggested that a committee of the House of Commons should deal with this question. I ask my fellow Canadians, is that fair? Each of us, while exercising the utmost care in the world, cannot help being actuated by some political or personal concern. We are the representatives of parties, and unconsciously we find our minds warped or, shall I say, just a little given to supporting a particular view; and

with that state of mind we have a committee that is going to investigate a situation or a condition and then make a recommendation as to the correctness or otherwise of these prices. Is that quite right? Is that quite fair? I pointed out that it was suggested in part of the report that the farmer was being exploited. I said I thought on reflection that one of the hon. gentlemen who spoke the other evening would hardly think his deskmate, Mr. Moore, who is a director of the Massey-Harris Company, was endeavouring to exploit anybody. From what the house knows of his interest in the farmers, does it think he is endeavouring to exploit them? Yet he is a director of this enterprise.

Mr. WOODSWORTH: Mr. Speaker, I rise to a point of order. I wonder whether it is quite fair to refer to a member of this house by name, and put anyone who chooses to criticize a certain policy in the position of criticizing the personal qualifications of a member of the house? We have had the report of the textile commission which shows that a great many gentlemen who stand very high in the estimation of the people of this country have been guilty of exploitation. I do not want to accuse Mr. Moore of being guilty of exploitation.

Mr. BENNETT: What is the point of order?

Mr. DEPUTY SPEAKER: The hon. gentleman has stated his point of order, and in my opinion it is not well taken.

Mr. BENNETT: I was about to state, Mr. Speaker, that I think what may be said with respect to one is equally true with respect to all who are charged as trustees with the maintenance of these industries.

Mr. TUCKER: The point of order was not stated by the hon. member for Winnipeg North Centre (Mr. Woodsworth). I suggest on a point of order that there is a rule that nobody, not even the leader of the opposition (Mr. Bennett), is permitted to refer to another member of this house by name. I submit that is a point of order which certainly can be raised

Mr. BENNETT: I had already thought of that very carefully, Mr. Speaker. I am now speaking of a gentleman in his capacity as a director, not as a member of this house. He is the member for Ontario.

Mr. WOODSWORTH: I was interrupted by you, Mr. Speaker, while stating my point of order; I was about to state it much more definitely. I do not think that even the leader of the opposition, with his long parliamentary experience and occupying the prominent position he does, has the right to transgress the rules of this house, as I think he is doing, by designating a member of the house by name. That was why I rose. I do not think he can very well refer to a member of the house in one capacity and in the next breath refer to him in another. It was for that reason I raised the point of order.

Mr. DEPUTY SPEAKER: I have already given my ruling on the point of order.

Mr. BENNETT: I can assure you, Mr. Speaker, that I have very carefully thought of that question. I have here several names under the heading "directors";

G. W. Allan, K.C.	G. W. McLaughlin
J. S. Duncan	W. H. Moore
J. H. Gundy	F. K. Morrow
F. P. Jones	T. A. Russell, LL.D.
J. A. Kilpatrick	E. R. Wood, LL.D.
J. F. Lash, K.C.	

I shall overcome any difficulty that may be experienced by the hon. member for Winnipeg North Centre (Mr. Woodsworth) and the hon. member for Rosthern (Mr. Tucker) by saying that I understand that the W. H. Moore whose name I have mentioned is the member of this house for Ontario, so all difficulty on that score will disappear.

Mr. MACKENZIE KING: That complies with the rule; the other did not.

Mr. BENNETT: Yes; that complies with the rule.

I desire to make it abundantly clear that I do not believe it is quite right to charge men with exploiting the farmers of the country unless there is some evidence to support that statement. I should be only too willing to uphold any remedy that might be offered for the purpose of preventing exploitation. But there is one test which is not unfair, I submit to hon. members; that is, the audited reports of the enterprises themselves. Whether or not enterprises have made profits is usually indicated by an auditor's report, and those reports do not indicate that for years these enterprises have made substantial profits, nor have they made any returns commensurate with the capital employed.

It was suggested—and I want to get away from that—that the capital structures were not all that they might be. Well, at least they were capital structures that were authorized by the laws of the country, and so far as I have been able to ascertain upon inquiry it has not been charged that there was any water in the capital stock of these

enterprises, either the common or the preferred stock. The change took place from what is called a par value stock to a no par value stock. The change of the unit was a change to which I am personally opposed. I have been steadily opposed to the idea that no par value stock is a sound way to deal with capital structure. But that has nothing to do with the matter; the law authorizes it. As my colleague, the hon. member for St. Lawrence-St. George (Mr. Cahan), pointed out in this chamber some years ago, it would be impossible to change that now, because of the number of enterprises that have shares of no par value, without doing great violence to the whole theory upon which company business is transacted in Canada. That phase is not one that arises here because it is not said, as far as I can see, and so far as the evidence taken is concerned, that there has been a watering of the stock of the enterprise. The change of the unit from a par value stock to a no par value stock may produce, as I sometimes think it does, an erroneous impression in the minds of individuals, but it certainly does not have the effect of watering the stock of the enterprise. That is a matter which I think is sometimes overlooked.

What other question have we that has to do with the fairness of the prices charged? The fairness of the price charged for any commodity is reflected largely by the extent to which the commodity is sold. Let me give an illustration. If you have a limited unit of production your overhead is correspondingly high with respect to (a) taxes, (b) interest on borrowed money, and (c) interest on your fixed obligations—your bond interest and matters of that kind; it has nothing to do with dividends. That can be overcome only in one way; that is by increasing your volume of production, thereby lessening your unit cost. I am going to make in a moment the declaration which I think should be made, that a high duty, or a duty that some hon. members would call high in view of the discussion that has taken place in the house, would have the effect of lessening prices. I am going to do more; I am going to show that this is exactly what did happen in this country, and I am going to give the reason why.

If your units run to only one thousand, and your overhead is one thousand, then you have one dollar per unit of fixed charges, and the wheels go round without added cost as the number of your units increases, except for the small cost that is incident to production itself. The moment you increase your production, you lessen the unit charge for taxes, interest on borrowed money, interest on your bonds. If, when you are producing but one thousand units, these three things amounted to $500, you have to add fifty cents to the cost of each unit; but if you increase your production to five thousand, then only ten cents must be added. There is the position. If we are going to get cheap articles in Canada we must do everything within our power to increase the volume of production, which means what I started out with, namely, to as great an extent as possible we should give the Canadian market to the Canadian producer, price and quality being comparable.

Why have we had from time to time to maintain in this country duties that some people think unreasonable? The reason is that it was the only method by which we could secure that mass production without which there can be no cheapening of the price of the commodity. Labour costs in Canada and the United States are comparable. I go to the United States and look at a factory there. Then I go to Australia. I went through a factory in Australia with great care. I look at the factory there; I find the number of units a year that are produced of mowing machines, binders, rakes, or whatever it may be, and I know then what the cost per unit must be to meet interest on borrowed money, taxes and everything of that sort.

We have at this moment a fifteen per cent corporation tax, which is a higher figure than it was in 1930. That tax must be borne by the manufacturer, and he passes it on, of course, to the ultimate consumer, which means the division of the sum total of that tax by the number of units he produces. If the number of units produced is small, the tax is high. The producer may borrow money to expand his business, and if the interest on that borrowed money is divided by only a small number of units, it means that the cost of interest on borrowed money per unit is high. But as you increase the number of units produced, the interest cost is lessened.

Take a bond issue. It is true that some of these implement companies have not been able to meet their bond interest, and they have asked the holders of the bonds to agree to lessen the interest charges over a period of years in order that they may be able to get on their feet. Leaving aside politics for the moment, how would you meet the situation as a man of business? You have a cement mill. Its capacity is five thousand barrels, and you are producing two thousand barrels a day. What will you do? You will do everything in your power to drive that up to five thousand barrels in order to re-

duce the cost of cement to the consumer, because the fixed charges are passed on to the consumer before profit has to be considered. Now look at the taxes. There is income tax, fifteen per cent; that is the corporate tax. Then there is the provincial tax, if you are in Ontario.

Mr. DUNNING: That is after cost of production.

Mr. BENNETT: I say that is included in the cost of production.

Mr. DUNNING: No.

Mr. BENNETT: Excuse me; it is. When the Minister of Finance says that fixed charges are not included in the cost—

Mr. DUNNING: I did not say that. Income tax is on earnings, after the cost of production has been met.

Mr. BENNETT: Surely, but the manufacturer has to make allowance for these taxes in fixing the price at which he is to sell if he is to make a profit. Does anyone suggest that when I go to sell my goods I have not to consider the tax I have to pay on my earnings?

Mr. DUNNING: Income tax is in a different class from the other taxes.

Mr. BENNETT: It is a tax on profits that are shown. If no profit is shown, no one need be concerned; but if he makes a profit, the state taxes him fifteen per cent.

Mr. DUNNING: Fifteen per cent of the profit, which is determined after production costs.

Mr. BENNETT: I include that as part of the selling price if he is going to make a profit. We have the same view, but the minister desires to express it in another way. I am not going to get into a partisan discussion. I put it to you: As a matter of business what would you do? Suppose you were an executive, a member of a board of directors; suppose you had your own business; what would you do?

Mr. TUCKER: I would not raise prices. I would sell less goods if I raised prices.

Mr. BENNETT: If the hon. member would not raise prices, then he would continue to have a loss and he would be bankrupt at an early date. Surely the hon. member realizes that if you continue to sell for less than your cost of production you are going to be bankrupt at an early date.

Mr. TUCKER: Are they selling at lower prices than in 1932 when costs were higher than now?

[Mr. Bennett.]

Mr. BENNETT: I am just coming to that; it brings me to the point I am going to make. In 1930-31 we had occasion to consider this very matter. I said a moment ago, Mr. Speaker, that no matter had given me more concern as an individual or as a public man than the question of the cost of various commodities in this dominion, and I believed that if I could give the market of Canada—I said it standing in the Prime Minister's place over there—to the Canadian producer, I would increase his volume to such an extent that his unit costs would be less and he would be able to sell his goods cheaper. I took from the Canadian manufacturers a letter saying they would not raise their prices if this protection were given to them, not for exploitation, but that they might have this market and decrease their unit costs.

Mr. McLEAN (Melfort): Would the leader of the opposition permit a question?

Mr. BENNETT: Certainly.

Mr. McLEAN (Melfort): May I ask if the International Harvester Company of Canada, which is one of the largest manufacturers of the article under discussion to-day, signed a letter to that effect?

Mr. BENNETT: My memory is, No. But they did not raise prices.

Mr. McLEAN (Melfort): They had no market. They were wise.

Mr. BENNETT: Had they not? Well, we shall not discuss that phase of the matter. This is not for the moment a partisan discussion. How are you going to deal with that situation? How are you going to secure to the Canadian producer, manufacturer, the home market to the greatest possible extent and not permit him to raise prices? First, we got him to sign that he would not do so. Ah, but you say, you cannot rely on that. We always become very doubting when we have to deal with that phase of the matter. But if hon. members will turn to chapter 30 of the statutes of 1931, they will see in section 17 how it was dealt with. It is referred to by Mr. Justice Turgeon in the textile report. Let us read it:

17. (1) In the event of producers of goods taking advantage of any duty imposed under this act to increase the price of such goods to the consumer, or using any such duty to maintain prices at levels deemed by the governor in council to be higher than should prevail, having regard to general economic conditions in the country, the governor in council may reduce or remove such duty.

(2) In the event of any one such producer violating the provisions of this section, the governor in council may impose upon all the

products of such producer, or any of them, an excise duty equivalent to the amount of customs duty which would be paid by such goods if the same were imported into Canada under the provisions of the general tariff, and the same shall be collectible as a tax, and the provisions of the Income War Tax Act as to the collection of taxes shall be applicable hereto.

Provided, that neither subsection of this section shall apply to agricultural products.

There was the condition to which we were directing our attention. There is the remedy suggested. It divides itself into two phases. One relates to the individual who gets out of line, pays no attention to anything, but just raises his prices for his own purposes, having regard to his geographical location or some other such cause. What do we do? We impose an excise tax equal to the customs tax. Then there is the class as a whole, the agricultural implement producers as a whole. We say to them that if they do this, then we remove the duty altogether. What is more—

Mr. TUCKER: Did the right hon. gentleman do it in regard to textiles?

Mr. BENNETT: We did it with respect to glass, and we increased the tariff on textiles so as to give them the home market in this country. We did more; before we left office we took off, with respect to the British Empire, part of the specific duty and also, as perhaps the hon. gentleman will remember, the excise tax.

Mr. TUCKER: Were they not exploiting the people of Canada?

Mr. BENNETT: The evidence was quite the opposite. But that has nothing to do with the matter at the moment.

Let us go a step further. The hon. member for Portage la Prairie (Mr. Leader) said the other afternoon that the implement tariff of 25 per cent imposed in 1930 was the highest tariff that we have had in this country. It was. It was put into effect purposely. It was done for one purpose and one only—to secure the home market to the Canadian producer. I am not putting that forward as a partisan matter. It was intended to do that very thing; it did it, and what was the result? Notwithstanding the fact that we had drought and other bad conditions, there was a lowering of prices in this dominion. There was the effect, and it was logical. How could it be anything else? You have reduced your unit costs because you have given the manufacturer an expanding volume of business, and of course he is able to reduce his price. I have not any doubt in the world that if the agricultural implement producers in this country had a 17½ per cent tariff they could reduce their prices, and I have not any doubt that they would do it.

Mr. TUCKER: They are producing more units now than they were doing in 1932.

Mr. BENNETT: Certainly.

Mr. TUCKER: Then why, on the right hon. gentleman's argument, are they increasing prices?

Mr. BENNETT: The answer is perfectly clear. In 1932 we fixed the price on the basis of 1930. At the present time we have increased costs of raw material and labour, which were not a factor at that time. The undertaking, it will be remembered, was with respect to other factors than raw material. But could we get away from merely partisan thought about this, and just ask ourselves the question whether as business men sitting with a board of directors we would not agree that if we had a market of 10,000 units as compared with a market of one, we could lessen our price? What would we do? I ask my hon. friend who moved this motion, What would he do?

Mr. JOHNSTON (Lake Centre): I would say this to the right hon. gentleman. Everyone, I am sure, will appreciate that the matter of volume is a factor. But with regard to the farm implement people, during the last two years their volume has increased materially, and yet during that period we have had two increases in prices.

Mr. GARDINER: And raw material is down.

Mr. BENNETT: That is a very simple matter. From 1930 to 1935 the increase in volume was negligible. In other words, there never was a fair opportunity to try out the effect of this legislation, because of the drought in western Canada and the severe losses that were experienced there. I put to this house and to my fellow Canadians, forgetting their politics, just this question: Would any one of you, sitting at the head of the table with a board of directors, not say "If I could make my business 5,000 units I could reduce the price per unit as against it only being one or two"? My hon. friend who moves the motion says that is so. All right. Then let us give them the chance.

Mr. JOHNSTON (Lake Centre): What are you going to do on the other hand when, instead of reducing the price, an industry increases the price when there has been an increase in volume?

Mr. BENNETT: The answer to that is that you have increased external competition by reducing the tariff to 7½ per cent. That is the real reason.

Mr. TUCKER: They are now selling more at higher prices, so that does not hurt them.

Mr. BENNETT: No; that is not the argument. If my hon. friend the member for Rosthern were engaged in industrial activity, and were consulted by someone who told him that he was making no money and that he found himself unable to continue to operate at all unless he sold more than a thousand units in his business, the hon. member for Rosthern would advise him that the one thing to do was to increase his volume, and by increasing his volume lessen his unit costs.

Mr. TUCKER: Not if he were selling six million abroad and two million at home.

Mr. BENNETT: The real difficulty is that you could not do it.

Mr. TUCKER: That is what we are doing now.

Mr. BENNETT: Do you know what we are doing? Again, I am not going to be drawn away from what I shall designate as purely a little business talk to my friends here, and not a political discussion at all. I put it once more to the house whether or not the net result of increasing the volume is not to reduce the unit cost if you give the opportunity for the increased volume to be sold here. That is all. I have gone into this matter at great length because I want to make perfectly clear the purpose of the legislation that placed a high duty, the highest this country has known, upon agricultural implements. It was done, as I said when standing in the Prime Minister's place over there, for the purpose of giving Canadian producers the market; and it was done with two conditions, one affecting the individual and the other the industry. We made it possible that they could become effective if the situation prevailed for which they provided a remedy. It did in the case of glass, and action was taken immediately by the governor in council. What is more; there was one complaint which I recall with regard to prices, and on investigation it turned out that it had reference to raw material and nothing else. Every time any question arose where it was suggested that there should not be an increase in price, we investigated.

How can we hope to maintain this industry unless we can give it a market? I am not unmindful of the fact that one of these companies has a business in Germany, a factory in France, a couple of factories in the United States, an interest in the Sunshine works in Australia, and works at Brantford and Toronto; but they are not manufacturing abroad solely to sell here, and the prices of their competitors, if they were able to sell their surplus goods in this country, with our limited production as against their mass production, would be lower than ours, and they would put us out of business. We would fail. That is all there is about it. It is the 125,000,000 beside us as against 11,000,000 here that must be considered; it is the unit cost of mass production as against the unit cost of our limited production.

Take cream separators, to which reference has been made. Do we want a cream separator industry in Canada or not? The hon. member for Peterborough (Mr. Duffus) says, "Yes, we need it"; the hon. member for Renfrew South (Mr McCann) says so too. Well, if we want this industry we ought to give it a fair opportunity with competition from abroad. May I point out—and it is one of the reasons I rose in my place—that in 1932, when we negotiated the British preference, we asked the British people, when the preference was given, whether or not they could undertake to provide us with cream separators in addition to what we ourselves were producing. The firm of Lister and Company had been providing cream separators for a long time in New Zealand; they supplied half the requirements there—and in New Zealand they make as good butter as anywhere else. The British government took over the plant when the war broke out, and because of that, the United Kingdom shipped to Canada only two separators in 1932. In 1933 there were shipped 535; in 1934, 956; in 1935, 1,355; in 1936, 1,994; in 1937, 3,163. We gave the preference to those producers who were well established in this country and they added to what we ourselves were doing. We believed that it was desirable to maintain the industry, a belief which is indicated by the addresses in this house, and we therefore passed the legislation to which I have directed attention. Is it desirable to do away with that British preference, to deny to this old and established house the preference we gave them in 1932 and for which they paid handsomely? As the hon. member for Haldimand (Mr. Senn) has made clear in the house, they gave ample compensation for it, and established for our products in their markets a position which more than balanced what we did for them.

As I have pointed out, unless we are prepared to take such action as may be necessary to ensure that volume can be maintained

in Canada we are bound to increase unit costs; and an increase in unit costs means that, without a duty or with a nominal duty, an unfair opportunity will be afforded the country with mass production to compete against us, with our production on a limited scale and with a population of 11,000,000, especially having regard to the fact that over half of our population now find homes in cities and towns rather than in the rural sections as heretofore.

There are other matters to which reference has been made. There is the effect upon our country's economic structure, not with respect to income tax alone but with respect to municipal taxes, provincial taxes, taxes on individuals, and the question of employment, direct and indirect. When I went into the factory in Australia I saw at once that coal was being used in large quantities, and so was coke. That gave employment to the coal mines at Newcastle. I saw at once that there were workmen engaged with wood, and I knew that meant work in the forest and everything connected with the fabrication of wood. I saw steel, and I knew that steel had been manufactured at the plant I had seen a few days before at Newcastle, just as in this country pig iron and steel in Canadian factories gives employment to men in Cape Breton or Hamilton or at the Sault. I realized that all these things combined to create the interdependence of industry, the relationship between the production of the raw material and the production of the manufactured article in its finished form. We must be prepared as men of business to deal with this matter in a purely business way and to provide, not protection for exploitation, but that measure of protection which will ensure equality of opportunity to Canadians with our limited market, in order that they may compete against the mass production of other countries, and that can be brought about only by the methods to which I have directed attention. I suggest that this report, if acted upon, will strike a blow at industry, will increase unemployment, and will render it far more difficult for the government to deal with the complex and difficult problems with which it is faced.

I yield to no man in the desire for cheap agricultural implements for the men who toil on the soil. I have studied this question since I first went to western Canada, and I have no doubt that if the house were prepared, with the legislation which is now on the statute books, to increase unit production in Canada to a point where we might be able with certainty to contemplate a market for Canadian production on the conditions that I have outlined, we would be able to reduce prices materially, because the unit cost would have been reduced strictly in accordance with increase in volume—and the volume here is so small, with 11,000,000, so insignificant compared with 125,000,000, in the manufacture of machines for use in the cotton fields in the south and in the wheat fields of the north, for use with vegetables and corn, with every kind of production of the farmer, as they are in that great republic, and with unit costs continually being reduced by mass production. What it is proposed to do, as suggested by the hon. member who moved the adoption of this report, would result in lessening the unit production by reason of increased competition for the moment by those engaged in mass production on a scale of which the world has never seen the like.

Let me refer again to what Mr. Fielding said in this house as Minister of Finance when he pointed out the dangers of a people finding their factories closed by competition from abroad. He said: "You will get cheaper goods for the time being, much cheaper; but in the end, when your factories are gone, when your mills are closed, when your countrymen are unemployed, the price will be the price that the monopolist fixes; and you will have no control over him, because you cannot get your Canadians to start again." If any hon. member is interested in reading the history of tariff legislation, he will find in the library many books upon the subject. If the principle my hon. friend contends for had been applied, you would not have what you have in this country to-day, namely, the production of Canadian steel rails for our railways. When I first went west I travelled on rails manufactured in the United Kingdom and in Germany. They bore the mark of Krupp or Barrow and other names. My inquiries—and this is subject to correction—lead me to believe that there is not now a rail on the main line of the Canadian Pacific between Montreal and Vancouver which was not made in Canada. I also believe, although upon this too I speak subject to correction, that the same is true with respect to the Canadian National Railways. Is that not a striking illustration of what I say? We gave them the entire volume of Canadian business. Yet forty years ago practically no rails were produced in Canada.

For that reason I have endeavoured not to enter into a controversy with those who have spoken before me on this question; there will be ample opportunity to controvert what I regard as some mistaken statements which have been made. But I appeal to them to ask themselves whether or not it is doing a service to this country to create an impression which

I say, with great deference, I believe is unwarranted, failing to realize that 11,000,000 people, if they are going to continue and maintain their integrity as a nation, must be prepared to see to it by adequate safeguards that they secure for their own manufacturers the largest possible volume of business that the country affords.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. C. R. EVANS (Maple Creek): Mr. Speaker, the house is now considering the report of the committee on agricultural implements, a report which is of great importance to the farmers of Canada and one which has far-reaching effects. The committee should be congratulated upon the thorough and complete report it has presented to parliament for concurrence.

It is a well known fact that the price of farm implements is a vital factor in costs of production. If one takes into consideration the fact that in Canada to-day there are about 728,000 individual farmers who are purchasers and users of farm machinery, he can readily understand how an increase in the price of these commodities must have an effect upon the earnings and livelihood of about one-half of the population.

The other evening in his speech the Minister of Agriculture (Mr. Gardiner) proved beyond doubt that the implement companies were not justified in increasing their prices in 1936 and 1938. During the course of his speech the hon. member for Portage la Prairie (Mr. Leader) gave a comparative statement between bushels of wheat or pounds of live stock and farm machinery from 1913 to 1926. These figures in themselves show that it is impossible for a farmer to carry on and still pay the exorbitant prices he is now asked to pay for farm machinery.

For a few moments I should like to confine my remarks to that section of the report having to do with distribution costs of farm implements. We find that the committee secured information from the reports of Canadian trade commissioners in the British Isles, South Africa, Australia, New Zealand, the Argentine and continental Europe, outlining the system of distribution in each country. These varied with the type of country, business traditions, and the economic position of distributors and farmers. We find that in the United States the companies sell outright to the dealers. The dealer is furnished with a suggested price list but may himself determine the retail price actually charged the farmer or purchaser, while in Canada, with the exception of repairs, the dealer is furnished goods on consignment from the companies. The companies accept in settlement notes given by farmers in payment thereof. The Canadian dealer is also furnished with a set price list which he must charge his customer for the different types of implements purchased or sold.

It would appear from the findings of the committee that the four major implement companies doing business in Canada have a monopoly of and control the price on all farm machinery. Dealing generally with the cost of distribution we find that the percentage of net sales in the different companies doing business in this country varies greatly, and appears to be exceedingly high. If we take the ten year period prior to 1935, and base our figures on the net sales in Canada, we find that the International Harvester Company showed a distribution cost of 22·13 per cent of net sales; the Massey-Harris Company, 33·46 per cent, John Deere & Company, 22·57 per cent, and the Cockshutt Plow and associate companies, 20·36 per cent, making an average for all companies of 24·47 per cent, or almost 25 per cent of net sales. That amount is used up in distribution expenses.

There is another factor entering into the distribution costs which directly affects the western farmer. I refer to freight rates and carrying charges. In 1898 the dominion government, recognizing the great disadvantage suffered by settlers in certain portions of western Canada, entered into the Crowsnest pass agreement with the Canadian Pacific railway, whereby the government paid the railway company $3,400,000 and, under the terms of the agreement, the railway agreed that the rates on certain commodities eastbound and westbound should never exceed a certain fixed amount. One of the commodities included in the agreement was farm implements. These fixed rates were enjoyed by the people of western Canada until 1919, when the union government on application from the railway suspended the Crowsnest pass agreement rates for a three year period. In 1922 these rates were partly restored, but only on wheat and wheat products moving eastward from western Canada. Farm implements were not included in the new schedule.

The following table of freight rates on farm implements will show to what extent the farmers of western Canada have been

penalized by the increased freight rates on implements of production. The following is a table of rates on agricultural implements, taking the sixth class rate in cents per 100 pounds:

Toronto to:	Crowsnest rates 1898 cents	Present rate per 100 pounds cents	Increase per 100 pounds cents
Winnipeg. . .	68·5	82·5	14
Regina. . . .	97	128	31
Saskatoon. . .	116·5	139·5	23
Calgary. . . .	125·5	166·5	41

It will be noted that there is a substantial increase over the Crowsnest pass agreement rate, which is a factor entering into the cost of the delivered implement to the western farmer.

As a startling example of the increase in freight charges, to move a binder from Toronto to Regina by carload lot cost $17.80 in 1913, while in 1936 the freight charges on a binder weighing only thirty pounds more were $23.42, or an increase on this one implement of $7.62.

In the course of this debate we have heard a great deal from hon. members representing industrial ridings as to the great services given by the implement manufacturing companies to the farmers of western Canada. We have also heard a great deal about unity, and working together in cooperation. In his speech the hon. member for Victoria, Ontario, (Mr. McNevin) said that repairs were purchased when farmers were hard up and trying to get along as cheaply as possible. That is the position of the farmers in western Canada this spring.

I hold in my hand a telegram received from the secretary of the board of trade at Climax, a point in the southern portion of my constituency. I should like to read the telegram to the house to show how well the implement companies are cooperating with the western farmers this year in helping them to put in their crop. This telegram, which is from Climax, dated May 2, and addressed to myself, reads as follows:

> Local implement agents report increase 15 per cent all repairs including these in stock here effective February 7. Companies also refusing to honour repair orders. Local dealers unable to finance. This board urge brought attention of government. Consider price increase unjustified.
>
> Climax Board of Trade,
> S. Stevens, Secretary.

A short time ago in this house we voted a guarantee of $14,600,000 to enable the farmers of western Canada to seed a crop this year. This money was disbursed through the municipalities, and under that guarantee orders were issued to the implement companies; but, as will be seen by this telegram, the implement companies refused to accept these orders, payment of which is guaranteed by the provincial and federal governments. I also have here copy of an invoice which I received from one of my constituents at Ponteix, Saskatchewan. He sent me this invoice last year when the implement committee was in session, together with a letter asking me to bring it to the attention of the committee, but it arrived too late for that. However, again this year he wrote saying that he had to buy the same repairs, which were two iron washers used on a one-way disc, for use in between the discs. They are just cast iron, weighing about 7½ pounds. Last year these two washers cost him $4.50 at Ponteix; this year, after the increase, they cost $5.20. This is the way in which the implement companies are cooperating; this is the excellent service about which we hear so much, to the farmers of Canada, especially the farmers of western Canada, during this trying time when they are doing their best to put in a crop with perhaps the greatest hope of securing a harvest that they have had for the past seven or eight years.

We have also heard a good deal of talk from our hon. friends opposite to the effect that the lowering of tariffs destroys industry and causes unemployment. To dispose of this fallacy I should like to place on record the following statement taken from the Saskatoon Star-Phoenix of December 28, 1937:

> Up to April 15, 1926, the tariff duty on all classes of automobiles entering Canada was 35 per cent. On that date it was lowered to 20 per cent on trucks and cars up to a value of $1,200. On cars over $1,200 it was lowered only to 27½ per cent.
>
> In 1925 there were 161,970 cars produced in Canada. In April, 1926, tariff was lowered. In 1926 production amounted to 204,727; in 1927 it was 179,054; in 1928 it was 242,054; in 1929 it was 262,625; in 1930 it was 153,372. In that year depression began to take full effect and thereafter was the determining factor.
>
> But certainly the lower tariff in 1926 was followed by a tremendous increase in production instead of the decrease forecast. Is there any reason to suppose the result would be different now?
>
> Incidentally, the increased production in 1926 over 1925 was 42,957 cars and the increase in employment in automobile factories was 1,604. At that rate, adding 20,000 cars to production now would employ something like 800 additional persons.
>
> The gains in production which might be made through higher tariffs are trivial. The gains in employment would be even more trivial. And the industry will have extreme difficulty in convincing Canadians that behind higher tariffs prices will be lower. That will be an utterly new experience for this country.

There is no doubt in my mind that what worked out so favourably in the motor car industry will likewise apply to the farm implement industry.

In conclusion, I would say that the farmers of Canada look to this government to help remedy the evil of high prices. Might I suggest, sir, the abolition of all tariffs on farm implements and cream separators and the restoration of the Crowsnest pass agreement of 1898.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, to one without party prejudice—and I think I can claim that—listening to this discussion there comes a sense of bewilderment and frustration. Here we have had about three or four different points of view expressed; one declares that you must have higher tariff, another that you must keep tariffs where they are, another that tariffs must be lowered and still another that there should be no tariffs at all. In the midst of it the Minister of Agriculture (Mr. Gardiner) rises in his place and gives a very fine, straightforward talk. If we could only be sure that the Minister of Agriculture had the disposition, in the first place—which I rather think he has—and the power, in the second place, to do what he implied in his speech he would do, probably we could breathe more easily; but I am inclined to be afraid that about all we will get out of this situation will be more compromise.

Compromise is a very fine thing, Mr. Speaker, providing one individual does not have to do all the compromising. What has been happening for the last forty years in western Canada, and, I fancy, in other parts of Canada as well where there is agriculture, is this: If you can imagine the agricultural interests starting at one end of a line and industry starting at the other, each of them entitled to fifty per cent of the line, probably there was a time when people tried to give each group the fifty per cent of the line to which it was entitled. But gradually the secondary producers have been claiming sixty, sixty-five, sixty-six, seventy, seventy-five and eighty per cent of the line, while the farmers have been continually pressing for at least fifty per cent. Now, with industry calling for eighty per cent of the line and the farmers claiming fifty per cent, it is not difficult to see about where the compromise is going to fall. Unless something is done very quickly the farmers are going to be "compromised" right out of the picture; that is actually happening at the present time to a very dangerous degree.

I think in what I have to say I shall follow the general outline adopted by the right hon. leader of the opposition (Mr. Bennett). I thought he made a very fine address just before six o'clock, and I am sure he will be quite pleased to consider the problems of the farmers under exactly the same headings that he used. His first question was something like this: Is it desirable to have an agricultural implement industry in Canada? I am going to grant that it is desirable, but I am going to ask this counter-question: Is it desirable that we should have an agricultural industry in Canada? Just as the right hon. leader of the opposition concluded that everyone would answer yes to his question, so I assume that everyone will certainly answer to mine, Yes it is desirable that Canada should have an agricultural industry. Let us start as members of this parliament on that basis: It is desirable that Canada should have an agricultural industry now and in the future. There are several reasons why that is so. I think it is not necessary to stress them before this house, but it might be well to mention just a few.

In the first place, all secondary industries must recognize that without the farmers their prosperity would be greatly hampered, so that to be able to keep the goose laying the golden eggs it is important that we give the goose at least enough feed to keep her alive. But that is not all. While there is a great tendency for people to move from the country into the city—and that we will all grant—still when they get into the city they must be fed, and they are fed largely from the farm. All the fine observations which the right hon. leader of the opposition made this afternoon were perfectly sound, and I do not question them for one minute. But if in time of national emergency we should find ourselves in an extremely embarrassing position without secondary industries, how much more grievous would be our position if we should find ourselves with a seriously depleted agricultural industry? And that is becoming at the present time not only a possibility but a probability.

While we must be able to find food for the teeming thousands who are increasing in numbers in our cities, yet more and more we must look to a more suitable way of feeding all our people. We in Canada are not commencing to consume the agricultural products which our population should consume. I was much surprised at some facts I found bearing on this question which I am now going to submit to the house, and I think hon. members will find them interesting:

An inquiry instituted in the United States and worked out by dietetic experts and agronomists in the United States Department of Agriculture revealed, with respect to agricultural production, that if every person in the

United States could have a thoroughly adequate diet, it would be necessary to bring under cultivation 40,889,000 acres more than were under cultivation in 1933, or 22,391,000 more than the average under cultivation for the five years, 1928-32. The details of the increased production over the average for 1928-32 that would be necessary, are illuminating; they include: An increase of 76 per cent in dairy cattle; 43 per cent in beef cattle; 68 per cent in veal calves; 22 per cent in hogs; 42 per cent in sheep and lambs; 36 per cent in poultry. It would be necessary to increase the acreage under vegetables by 204 per cent; under citrus fruits and grapes 112 per cent—

That item, of course, would not apply to Canada:

—and under small fruits 282 per cent. True, the acreage under wheat in this dietetic plan would be reduced 57 per cent, but that would simply remove the United States completely out of the international market.

Lest it be assumed that the cost of this diet is extremely extravagant we add that it amounts to $12.75 per week for a family of five, statisticians of the United States say that only 21 per cent of the people can afford that amount of food.

I am much afraid, Mr. Speaker, that the conditions obtaining in the United States obtain in equal degree in the Dominion of Canada, and that probably only twenty-one per cent of the population of Canada can afford to have what they need of the agricultural products which we in this country are equipped to produce in profuse abundance. But we are adopting from year to year policies which I am convinced are depleting our agricultural productive power. The statement may sound extreme, but all you need to do to realize its truth is just to travel through our great agricultural areas, where you cannot fail to be impressed by the tremendous number of farms that have been deserted. Why have they been deserted? Last year I had the privilege of travelling through a large part of the splendid province of British Columbia, and I was astounded at the number of fertile fruit farms that were standing idle. I was told by people who knew, that it would not pay even to trim the fruit trees. Why? "No sale," they said; "what's the use?"

What are we doing in Canada? We are destroying those fruit-producing areas as surely as I stand here. "Well," some people may say, "what can we do about it?" Well, we are the government of Canada. Perhaps no more needs to be said.

If the United States needs to increase her ability to consume agricultural products, then surely we need to, as well. But the all important thing, as I see it, before we learn how to enable our people to consume these products, is to see to it that we do not destroy our ability to produce them, so that we shall have them to consume when we learn how to do so. This is a far more serious matter than I fear the average individual in this country realizes. In the report of the nineteenth session of the International Labour Conference will be found this statement:

The cares of the American, Argentinian, Australian, Canadian or eastern European farmer would be conjured away if the urban populations of Europe and America could eat even a little more bread, butter and meat per head.

We are worrying about overproduction on our farms. There is a suggested solution, although up to the present time, strangely enough, though I have listened with great care, I have not heard advanced in this long debate, which has continued ever since the early part of March, a single constructive idea as to how we can enable our people to consume more except the suggestion from the Conservative party that if you put up a sufficiently high tariff wall you will enable your producers to get the home market. I grant that there may be some virtue in that suggestion. I shall not discuss it at all now, except to say that the most remarkable thing about it is that if that is the solution, it is strange that our people have been fighting over the question for all these generations and have not yet been able to come to a satisfactory decision about it. That is dismaying! If we must continue through another series of generations before we can decide which of these two policies is the better for Canada, what is going to happen to Canada in the meantime?

Is it desirable that Canada should have an agricultural industry? I have dealt with that from two standpoints. There is a third one. Three provinces of this dominion are primarily agricultural provinces. If we destroy the agricultural industry of this dominion, indisputably we destroy those three provinces. I think that can be said with complete confidence. I know it is not clear to a great many people—it would not have been clear to me if I had not gone into the subject with some care; I should still have thought just as an ordinary citizen—yet the policies in operation to-day are destroying those three provinces economically.

Suppose we grant for the sake of argument and progress that it is desirable to have an agricultural industry in Canada; then I should like to follow the two lines of argument which were pursued by the right hon. leader of the opposition. If they apply to the secondary industries they must apply

with equal force to the primary industry of agriculture. His first statement, as I recall it, was that the quality of the product should be of the best. If there is anything which has desolated my feelings during the last seven or eight years it has been to see, in travelling through the splendid agricultural regions of my home province, to what an alarming degree the quality of production has been falling. I was raised on a farm; my roots are right in the soil, and I know whereof I speak. Where, as recently as 1928, we found it profitable to keep up our fine breeds of cattle, both milking and beef breeds, of swine and poultry and sheep, we no longer find it profitable. It now appears not economically sound to spend the amount of money on breeding stock which years ago we expended, for the reason that there is not a sufficient margin to make it pay. The result is that all over the agricultural areas of this country, at least in the three western provinces, people in general are unable to keep up the standard of quality, although there are exceptions. Generally speaking, the products of the cattle, sheep, horse, swine and poultry producing plants are depreciating rapidly, largely because the owners cannot replenish their breeding stock. That is a serious matter. Furthermore, the equipment is deteriorating. It is a rare experience to pass a farm where they have been able to paint the buildings. All over Canada, I find, it is an uncommon thing to see a farm where a new home or a new barn has been erected. As the hon. member who spoke a few minutes ago said, the farmers generally speaking are "getting by" by every means they can contrive with old machinery which should have been discarded years ago. What does that mean? It means that if we should be plunged into a national calamity comparable with the one which overtook us in 1914, it would be impossible for a considerable length of time for us to reach a parallel degree of production. I believe there can be no satisfying answer to that statement. We are not keeping up the quality.

Then, on a great many farms the land has been allowed to become weedy. Why? Because the farmers are not as good as they were? No; because they simply cannot afford to cultivate the land as they feel it should be cultivated. In many places fertility is decreasing because the farmers are unable to provide fertilizers; they cannot apply the crop rotations which should be employed in order to preserve the land; in many instances they are unable to adopt farming methods which will preserve the soil. So to a disquieting degree we are failing to keep up our quality. I am familiar with the exceptions. There will be in a given area three or four, or perhaps five or six such, depending upon the size of the district; but the majority, the great body upon whom we should depend, are not able to stand up to the difficulties.

The next important statement which the leader of the opposition made, and which is perfectly sound, is that price must cover costs. I believe hon. members who have been indulgent enough to listen to the remarks of our group have realized that over and over again we have stressed that your price must cover your costs. In laying down that principle the leader of the opposition was genuinely progressive in his economics. On that score let us examine the position of the agricultural industry. A farmer's costs are fixed. The leader of the opposition said that a manufacturer's costs are fixed. We will grant that. But few people realize that the farmer's costs are more inevitably fixed than those of the manufacturer. Let us examine them for a few moments. The farmer's handling charges must remain permanent. He has nothing to do with transportation charges. Out in the west an attempt has been made to enable trucks to replace other means of transportation; but, unbelievable as it may seem, there has been a most assiduous movement to impose such licence fees on the trucks as to hamper that means of reducing costs. The farmer's interest rates are also fixed, or were until certain provinces began to move in the matter. His taxes are fixed. The farmer carries in the main the provincial, municipal and also school taxes throughout vast rural areas, and from those charges there is no escape. Everything he buys has the price fixed, but not by him. It matters not how many members he sends to parliament: they lift their voices as men crying in the wilderness whom people indulgently and with patience abide, but concerning whom nobody ever thinks it necessary to do anything.

Consider the manufacturer of this binder of which hon. members have been speaking; does he depend upon supply and demand before he decides what his price is going to be? No; he knows in January what the price will be next August, and he manufactures the number of implements which he thinks will be demanded and can be sold. Contrast that with the situation which faces the farmer. I am not making any charges concerning what has happened in Canada, but this thing has generally occurred. Manufacturing industries have got together and have agreed upon a

fixed price. This has been brought out time and again by speakers in this debate. I think it was elicited clearly in the investigation. Thus they formed a cartel and they fixed the price.

Now the tariff comes in to help them. Strangely enough, when a tariff question is to be decided, the men who can get close to the powers that be and make their influence felt are the men of wealth, the men who are concentrated. What chance have the farmers, scattered over thousands of miles? Again, their voices are as voices crying in the wilderness, they are scarcely listened to; the result is that the tariffs are set to suit the manufacturers. This painful truth cannot, I think, be questioned. All this debate that we have had during the last few days has tended to show the same thing. We are concerned earnestly about seeing that the Massey-Harris Company recovers its costs, but we are never worried about all the thousands of farmers whether they even survive or not.

It is commonly believed that there is a free market. Many people talk about free markets. I ask hon. members how much freedom there is in the market I have indicated, when these big concerns are able to get together and decide what the prices shall be. How can anyone call that a free market? Some hon. members have suggested in this debate that if we removed the tariff between Canada and the United States it would automatically bring down the prices of implements. I do not argue that; but I notice, from the figures I have of costs across the line, that they have similar troubles there. So, how much good it would do us to remove the tariff entirely, is a debatable matter. Competition among these men does not cut prices; it used to, but they have learned better now. One powerful man in my constituency told me in a conversation years before I was elected that big men do not fight each other. That statement I find has much more meaning than I thought it had when I first heard it. Big men cooperate. Contrast that situation with that of the farmer. The farmer's prices are not protected. If there is any protection it is meagre. I will grant that the hon. member for Brantford (Mr. Macdonald) gave us a fine statement with regard to the amount of protection that farmers have. But when you compare the amount of protection that the farmers have on their prices with the protection these "infant industries" of ours have on theirs, you are impressed mainly by the disparity.

The farmer sells his goods in the open market and competition does have something to do with his prices; the law of supply and demand also undoubtedly has something to do with them. He has no way by which he can limit production and set a price, producing only what he is able to sell at a given figure. When his price begins to go down he does everything in his power to keep his business going and he increases production more and more, with the result that he only aggravates the situation for himself by producing tremendously more than is required, thereby bringing prices down still further. Contrast that with the situation confronting the manufacturer—and remember incidentally that this situation as a whole faces three provinces of this dominion—and then meditate what are the causes of Canada's "stresses and strains". How can the farmers live under such conditions?

There is another matter to which I should like to refer. The farmers' price fluctuates from day to day. Tens of thousands of farmers are virtually ruined because they are compelled by force of circumstances to sell when the prices are down, and they are mortified a few weeks afterwards to find that prices have gone up, which would have doubled their income from a hard year of toil. Someone else has the advantage; they have not. And usually that person is not in any of the three western provinces. I have not spoken very much for the farmers up to the present time, though my constituency is primarily agricultural. If I start talking about farmers' problems I am perfectly at home; the only reason I have not spoken about them before is that I am intent upon a solution rather than upon railing against their ills. When we in parliament have decided that these difficulties do exist, and when we have decided further, as I am sure we have, that something must be done, what do we now do but shrug helpless shoulders and wave helpless hands and say, "I am sure I don't know what to do". There must be a solution. Consequently I have not spoken very much about the inequities and the disabilities under which my constituency suffers. We know all about these. We fancy that the men whom we sent here in previous years told the house all about them.

Lest there should be some people who may be inclined to think that what I am saying is not completely justified—my statement with regard to the way in which the big interests are able to set prices—let me refer to three or four bits of evidence. Gardiner C. Means of Columbia university in 1935 issued a document which is called Industrial Prices and Their Inflexibility. In this he shows the way in which prices and production varied between

1929 and 1933. His figures are extremely illuminating. I am going to put the figures on Hansard and then talk about them for a few minutes, because, to a large degree, in these figures lies the cause of our woe in Alberta, as well as the woe in Saskatchewan and Manitoba. At least, here lies one of the causes of the trouble in connection with this very question we are now discussing.

There are two columns, "permanent drop in prices" and "permanent drop in production." The first item is agricultural implements, the very item we are discussing to-day. The permanent drop in prices was six per cent, which means that the lowest drop in the prices of agricultural implements in the United States between 1929 and 1933 was six per cent. Contrast that with what happened to farmers' products! Implement production was curtailed or limited or reduced to artificial scarcity eighty per cent. Let me give the table rapidly and stress the last one, which is agricultural production:

Price v. Production

	Permanent drop in prices	Permanent drop in production
Agriculture implements.	6	80
Motor vehicles.	16	80
Cement.	18	65
Iron and steel.	20	83
Auto tires.	33	70
Textile products.	45	30
Food products.	49	14
Leather.	50	20
Petroleum.	56	20
Agricultural commodities.	63	6

In other words, prices of agricultural commodities dropped sixty-three per cent, while farmers were able to limit or reduce production to the extent of only six per cent.

Mr. DUNNING: Those figures all relate to the United States?

Mr. BLACKMORE: Yes, but I have some that relate to Canada. In Canada, by the way, there was an increase in agricultural products instead of a decrease, but in the United States the decrease was due to the way in which they manipulated agriculture. The leader of the opposition said that if you raised the tariff and enabled industries to sell all their goods, or to get all the market, then automatically that would cause them to increase production to such a tremendous extent that factories would be able to sell more cheaply. There is soundness in what he says; but here is the other side of the picture, and it had considerable bearing in the United States with, I venture to say, repercussions in Canada.

[Mr. Blackmore.]

The Statistical Year Book of 1935-36 of the world economic survey gives certain pertinent statements:

	Decline in Production per cent	Price per cent
United States.	46·2	29
Canada.	41·9	27
Germany.	46·7	28
United Kingdom.	16·5	7

These have to do with manufactured goods during the year 1932. Truths about agricultural production in various countries are set forth in the following quotation from The World Economic Survey, 1935-36:

> In the same period agricultural production maintained an increase of three per cent and agricultural prices declined as much as fifty-eight per cent in Canada, fifty-seven per cent in the United States, and forty-nine per cent in Argentina, while in European countries where governments intervened to shelter their farmers the decline was less; in Germany thirty-five per cent, and Italy thirty-seven per cent, and in Great Britain twenty-eight per cent.

The former figures had to do with secondary industry production. In every instance there was a limit to the production, while in the same period agricultural production showed an increase.

My soul longs for the time when I can see Canada somewhere in the lead of these countries which are doing something for their farmers, but I have not been able to see anything so far.

Mr. DUNNING: To what years do those figures relate?

Mr. BLACKMORE: The year 1932.

Mr. DUNNING: Why not get some recent figures?

Mr. BLACKMORE: It would be extremely interesting to have those. They probably will come out.

Mr. DUNNING: They show a very great improvement.

Mr. BLACKMORE: I am glad to hear it, but we have not noticed it much out in the west.

The protection for agriculture is very meagre. If we are going to solve this problem about which we are talking, we must adopt some means designed to achieve the end which President Roosevelt apparently had in mind in his policies under the NRA and the AAA, the object being to bring primary producers' prices into line with secondary production prices. In Canada we have not given protection to our primary producers.

I have here a statement of an investigation conducted by the Edmonton chamber of commerce during the last year, which I shall read:

Alberta is handicapped frequently by a tendency under national tariff policy to facilitate the entry of agricultural products of other countries in return for concessions to Canadian manufactured goods.

This tendency is illustrated in the existing trade agreements with Australia and New Zealand, respectively, under which Canada reduced her duty on Australian and New Zealand butter in return for concessions by those two dominions on automobiles, rubber goods, newsprint, lumber, paper, fish and other manufactured goods. Similarly, under the agreement with New Zealand, the duty on mutton was reduced. The free entry of vegetable oils under the trade agreement with the United Kingdom already mentioned above is another illustration of this tendency. Moreover, the variation in duties on agricultural products of these kinds results in serious discouragement to the development of the production in Alberta of dairy and animal products, with a consequent obstacle to the diversification of farm production.

Mr. SPEAKER: I regret to inform the hon. member that his time has expired.

Mr. BLACKMORE: I shall conclude very quickly. The result of the whole thing is that we are simply not doing for agriculture what must be done if we are to maintain a sound economic structure in this dominion. What must we do? I suggest as palliatives, these, mainly drawn from the committee's report: Let us give our farmers protection. If the secondary industries must have protection, surely the farmers must have it also. We must be prepared to give subsidies perhaps. We must reduce the protection to secondary industries to an extent which at least will enable the farmers to live. We must make a great many freight rate adjustments in the interests of farmers, and see to it that there is a fair price for agricultural products as well as for the products of secondary industries.

Motion (Mr. Johnston, Lake Centre) agreed to, on division.

MOTIONS FOR PAPERS

BARTMAN, ALTA., DAM

Mr. QUELCH:

For a return showing the names of concerns who tendered for the erection of the Bartman dam, the amount of each tender, the name of the successful tenderer, the amount paid to date to the company that built such dam. Also a copy of the specifications in connection with this work, and a statement as to whether or not the construction was done according to specifications.

L'ETETE, N.B., LIGHTHOUSE KEEPER

Mr. PERLEY (for Mr. Brooks):

For a copy of all correspondence, documents and papers of all kinds, in the possession of the government, relating to the appointment of a lighthouse keeper at L'Etete, New Brunswick.

NATIONAL EMPLOYMENT COMMISSION—LOW RENTAL HOUSING PLAN

Mr. WALSH:

For a copy of the complete report and detailed plan of the national employment commission as submitted to the Minister of Labour on low rental housing plan.

LAHAVE, N.S., SUB-COLLECTOR OF CUSTOMS AND EXCISE

Mr. TUSTIN (for Mr. Brooks):

For a copy of all letters, correspondence, and documents of every kind relating to the appointment of one Malcolm Wilkie, as sub-collector of customs and excise at the port of LaHave, Nova Scotia.

GRONDINES, QUE., POSTMASTER

Mr. HEON:

For a copy of all correspondence, reports and other documents, in the possession of the Post Office Department, relating to the dismissal of Mr. Cleophas Sauvageau, postmaster at Grondines, province of Quebec.

HURON RESERVE, LORETTEVILLE, QUE.

Mr. HEON:

For a copy of all correspondence, letters, telegrams, reports and other documents in the possession of the government, relating to certain differences between Ludger Bastien and Elzear Sioui of the Huron reserve at Loretteville, Quebec.

CANADA-UNITED STATES TRADE AGREEMENT

INQUIRY AS TO PROGRESS OF NEGOTIATIONS

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): Perhaps the first minister would not mind my asking him a question which he frequently used to ask when he was leader of the opposition. What is the progress of the trade negotiations with the United States of America? We would like to be advised—I think I quote his words—as to what the progress has been, and the present state of negotiations.

Right Hon. W. L. MACKENZIE KING (Prime Minister): To which I may say, in reply to my right hon. friend: The progress up to the present is favourable.

Mr. STEWART: Favourable to whom?

CALGARY STRIKE

INVESTIGATION INTO PENALTY OF TWO DOLLARS A WEEK PER FAMILY

On the orders of the day:

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, I should like to ask a question of the Minister of Labour (Mr. Rogers). On May 4 the Minister of Labour was asked a question with regard to a telegram received from Calgary respecting a strike in that city, stating that the city of Calgary is imposing a penalty of two dollars per week per family in order to break the strike. I should like to ask what investigation has been made. It is a serious situation, and one which needs clarifying.

Hon. NORMAN McL. ROGERS (Minister of Labour): I have no further information upon that matter, other than that which was brought to my attention before. The question is one of provincial and municipal administration, and has not been brought officially to the attention of the Department of Labour at Ottawa.

Mr. JOHNSTON (Bow River): Does not the fact that the dominion contributes a certain amount of that expense make it a responsibility of the dominion?

UNEMPLOYMENT

VANCOUVER SITUATION RESPECTING CONCENTRATION OF SINGLE HOMELESS UNEMPLOYED MEN

On the orders of the day:

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, on Friday last a question was put by the hon. member for Vancouver East (Mr. MacInnis) with respect to the position of single unemployed men formerly employed in the forestry conservation camps in British Columbia. I may reply that during the winter months of 1937 and 1938, under a dominion-provincial agreement with British Columbia, some 4,600 men were provided for under these forestry plans. They were paid at the rate of thirty cents an hour, with a deduction for board, and a portion of their pay was deferred and made payable to them after the termination of their service, by vouchers negotiable at the post office. I should mention that, during the same period, in addition to the forestry plan 300 men were given employment in British Columbia on farms. These special plans for dealing with the transient problem in western Canada during the winter months were terminated at the end of April. In dealing with this problem in British Columbia and in other provinces we have acted and are acting upon the basis of consultation and co-operation with the provincial governments.

UNEMPLOYMENT RELIEF

MEASURE FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

Hon. NORMAN McL. ROGERS (Minister of Labour) moved the third reading of Bill No. 105, to assist in the alleviation of unemployment and agricultural distress.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I desire to avail myself of this opportunity to deal with the statement made a few days ago by the Minister of Labour (Mr. Rogers) in connection with this measure. I was called out of the house at the time he was speaking, and so I did not deal with his statement at that time.

As reported at page 2527 of Hansard for May 3, I said:

> The minister selected a very bad illustration indeed. The Fort Henry work was done under contract, and the contract was let by the provincial government. It is all very well for the minister to say that he asked the provincial government that there should be no discrimination. But the contractor, the Frid Construction Company if I remember aright, had as one of its officers, according to the letterhead I have, the president of the Kingston Liberal Association. And in answers to questions put upon the order paper, not one, two or three, but many of them, we have it indicated that men were given employment on the recommendation of that very man. Those were men who had no more claim upon employment than others unemployed. They were not selected by their names being taken out of a hat; they were not called; but this man sends a letter and on the strength of it we are told by the return filed in this house—not veiled insinuations of the leader of the opposition—that these men went down to Trenton and other places and were given their positions on the recommendation of that man.
>
> Mr. Rogers: At Trenton, does my right hon. friend say?
>
> Mr. Bennett: I think Trenton was one of the places.
>
> Mr. Rogers: But this was not relief work.
>
> Mr. Bennett: Oh, then there is a distinction between the two?
>
> Mr. Rogers: Certainly there is.

I said, "if I remember correctly,"; I did not have my papers with me. But I immediately got them when I went upstairs, and had I been in the house when the hon. member was speaking I would have at once answered his question. As reported at page 1846 of Hansard for March 30, 1938, the hon. member for Rosedale (Mr. Clarke) asked

whether Mr. Robinson was employed as a carpenter at the signal corps, Barriefield, under the Department of National Defence, and also on whose recommendation he was employed, together with two other questions. The answer was that he was employed on the recommendation of Mr. A. E. Stansbury.

The same hon. member asked a similar question with respect to Roy Graham, and the answer was "Mr. A. E. Stansbury." He asked the same question with respect to William Fowler, and the answer was "Recommended by Ontario Employment Agency."

The hon. member for Rosedale asked with respect to where this camp is located, and the answer was that it was situated in Frontenac-Addington. He asked a similar question with respect to Henry Bearance, and the answer was that it was on the recommendation of A. E. Stansbury. Then, there is a question at the top of page 1847 with respect to Mr. John Doyle, asked by the hon. member for St. Paul's (Mr. Ross), and the answer was that it was on the recommendation of Mr. A. E. Stansbury; and the same with respect to Mr. Harold Johnston.

I said that I had in my hand what purported to be a letter head of the Liberal association, and while I was not sure as to who Mr. Stansbury was—and I am not—the letter head says: "Kingston Liberal Association, Bagot and Princess streets, Kingston; A. E. Stansbury, president; J. C. Reynolds, secretary; phone 2423."

Mr. ROGERS: But if my right hon. friend will permit, he said—

Mr. BENNETT: I am coming to that.

Mr. ROGERS: He said there was a connection with the Frid Construction Company.

Mr. BENNETT: Yes, and I am coming to that. I believe that the A. E. Stansbury whose name is at the top of that letter paper is the A. E. Stansbury who made the recommendations referred to in the extracts I have read from Hansard; and I said that if I remembered aright, it was the Frid Construction Company. As a matter of fact, there are three construction companies. There is the Frontenac Construction Company, that came into being in recent years, since this government took office, I am informed. There is the Campbell Construction Company, which came into being in recent years, and there is the Frid Construction Company. I was in error in stating that Mr. Stansbury was president of the Frid Construction Company, but I was not in error in stating that he has been directing employment with respect to the work at Fort Henry as well as in other places, including the work at Barriefield to which reference has been made in the questions which were asked, although those appointments had to do with more permanent positions. One of them we shall have occasion to discuss when the estimates are under consideration.

The other point that was made was that Mr. Stansbury was the president of the Frid Construction Company. That was entirely erroneous as I find by reference to the papers. I said, "if I remember aright," and I did not remember aright, because there were these three companies. Mr. Stansbury was not the president of the Frid Construction Company, and I do not know what his relations were with respect to either of the other two companies.

Mr. ROGERS: If I may ask, does my right hon. friend believe it is proper to make a statement of that kind upon the basis of faulty recollection; to have a statement of that kind go out and then have it corrected or denied some days afterwards? Should not these statements be made on the basis of facts?

Mr. BENNETT: It was a correct statement of what is occurring in Kingston and Frontenac with respect to employment. It is there conducted on the basis of politics, purely and simply; men are giving out jobs and using money paid in by the taxpayers, including myself, in order to give employment to one political class and no other. That is what is going on, and one of the men principally responsible for it is Mr. Stansbury, about whom we shall have something to say later when the estimates are under consideration. I do not think the hon. gentleman need have any fear about Mr. Stansbury being in any sense, shall I say, libelled or slandered, or that any false impression may be left with respect to him. That need not for one moment engage the hon. gentleman's sympathy or care or worry; I can assure him of that. I think I can say with all certainty from the investigations I have thus far made with respect to the appointments which have been made in connection with these companies that have complete control of these matters, that I have nothing to withdraw; and I say further that it is largely through the work of Mr. Stansbury and one other, whose name we shall mention at the appropriate time, that people who are not willing to subscribe to the tenets of the Liberal party as represented by their association were unable to get

employment, although they had the same right to it, were just as decent people and had the same claim as Canadians upon employment provided by the money of the taxpayers as had the men whom I have mentioned. I desire to make that abundantly clear, and if there was an error with respect to the position which this gentleman occupies, I greatly regret having made that statement; but it was made with the qualification, "if my recollection is correct," and my recollection was not correct, as I immediately verified when I went to my room, and had the bill not been disposed of I would have made the statement when I returned to the chamber. The hon. gentleman said, very correctly, that he intended to mention it when I was here, but the opportunity did not arise either for him to make the statement or for me to make it before I was called out of the chamber; hence it is that I avail myself of this opportunity on the third reading of this bill, as the minister did when the bill was in committee to make the statement he did.

There is only one point I desire on the third reading of this bill to make abundantly clear. It is that we have reached a stage in this country where I believe common decency necessitates that men should not be compelled to yield such convictions as they may have or such views as they may entertain to a political organization for the purpose of securing employment provided by the money of the taxpayers. For that reason I said the observations of the Prime Minister (Mr. Mackenzie King) the other evening were splendid, and I repeat that it was a splendid statement to make. It indicated an earnest desire, I thought, to meet this situation; and if those to whom I have referred—and I say again that Mr. Stansbury, the president of the Liberal association, is one of the principal offenders in that regard—will be governed by the statement made by the Prime Minister that there will be more opportunity for those who have a just claim for employment to find it, and there will be less reason for complaint by the taxpayers that their money is being utilized for the purpose of providing employment only for those who may be politically opposed to them.

Hon. GROTE STIRLING (Yale): I should like to direct attention to some figures which the minister gave at the close of the discussion in committee on this bill. He was referring to the cost of administration, and he read certain figures indicating what that cost had been, according to his information. The figures that he gave struck me as being extraordinarily high, although I was not able to trust my memory for details as to what were the exact figures. My recollection was that for the first completed year administration for the relief camps cost in the neighbourhood of $80,000; the cost for the following year I thought was $100,000 to $120,000.

I obtained the first volume of the four which were tabled by the minister himself on March 16, 1937. It is called Final Report on the Unemployment Relief Scheme for the Care of Single Homeless Men, administered by the Department of National Defence, 1932-36. I find from this report that the administration, from the inception in October, 1932, to October 31, 1936, for the four years amounted to $489,665, which is rather less than half the figure mentioned by the minister, for one of the years.

Mr. ROGERS: What was that figure, if I might have it again?

Mr. STIRLING: It was $489,665. I challenged the accuracy of the figure when the minister gave it, and he replied, "That is the cost of the administration staff." So it is quite obvious that in the figures which he gave some other items have been introduced under the heading of administration which were not included in the report which was tabled by the minister. I shall be glad, therefore, if the minister will have inquiries made as to the accuracy of the figures he gave and what items were included to change entirely the figure for the four years given in the report itself.

We are quite accustomed to Liberal speakers presenting arguments against the relief camps. There was quite a volume of Liberal opinion in this country that was not unfavourable to the policy which the previous government was endeavouring to carry out in a time for stress for the care of the single, homeless unemployed, but it was noticeable in the house and in the campaign that Liberals, speaking with partisan motives, were never ready to make any appreciative reference to the work which was undertaken, and no reference is ever made to the work that was accomplished by those men. It was charged that they were not too well treated. It was charged they were improperly working. It was charged they were an unhappy set of people who did little or no work. I who was for a time connected with it know full well that those charges were without foundation, but I think it is of interest to note that, according to that report, the value of the work done by the men in the camps during those four years amounted to $18,213,091.

Materials, of course, go into that figure, at the price that was paid for them, and labour is accounted for at the going rates; but that is the value of the work of various descriptions which this country has received as a result of the work of those men who were charged with being a lazy set of people who never did any work. It is, I think, perfectly right that publicity should be given to that figure, and I think I had better put on Hansard the items which go to make up that total:

Airways, $2,471,698.
Air stations, $2,318,294.
Barracks, $1,474,438.
Clearing of land, $229,632.
Forestry, $1,319,971.
Fortifications and historic sites, $738,518.
Highways, $4,677,173.
Municipal and provincial airports, $175,107.
Rifle ranges, $464,736.
Training camps, $4,343,524.

That makes the total of $18,213,091 which I have already mentioned. That is the work accomplished by men who were cared for at the taxpayers' expense during a time of economic stress, who were sheltered, fed, clothed and medically attended, and many of them, as I know perfectly well, were only too glad to give a certain amount of work in return for what they received. Perhaps the minister will be good enough to take an opportunity to make the two sets of figures fit.

Mr. A. A. HEAPS (Winnipeg North): Mr. Speaker, we have been in session now since the latter part of January, and with the exception of a couple of weeks at the Easter recess we have been on duty continuously. I am trying to sum up the results of our efforts during the time we have been in session. It is no wonder when one goes out from our deliberations here into the country among the people who are interested in our activities, that one finds them amazed at the little we have accomplished during the last three and a half months.

We find that unemployment is on the increase in our larger industrial areas; that it is becoming an acute problem, more acute now certainly than it was a year ago, and when we ask the Minister of Labour (Mr. Rogers) for a statement of government policy we are met with practically no reply at all. We were told, for instance, during the previous discussion on this relief measure that we must wait for an announcement of policy until the supplementary estimates are before the house. I would have thought, Mr. Speaker, in view of the all-importance of the question of unemployment, that when the minister was introducing the measure dealing with unemployment and unemployment relief we might have had a statement of policy from the Minister of Labour himself, instead of waiting until the Minister of Finance had brought down his supplementary estimates. But I realize very well how little in the way of policy the government have. In fact, when the supplementary estimates are brought down within the next few weeks it will simply be a case of additional capital expenditures being appropriated to meet an emergency situation. As I have often stated on the floor of the house, no form of capital expenditure is in itself a solution of the problem of unemployment. If capital expenditures could have solved the unemployment problem, certainly it would have been solved in the United States where they have spent billions upon billions of dollars in attempting to deal with the problem. To me, sir, any form of capital expenditure for this purpose is similar to pumping oxygen into a very sick patient. To put into the economic structure of this country more money for capital expenditures will have an effect just so long as the money is in circulation, and the moment the new capital ceases to function we shall revert to the same state of unemployment that we had prior to the pumping of the money into our economic structure.

I would have thought that, having had this problem on our hands for a period of at least eight years, and after realizing, as the Minister of Labour must, that it had not yielded to treatment during that time, that is, to the different forms of capital expenditure and the different forms of relief we have tried, the government would have attempted something new in dealing with the situation. I know the government have great faith in the expansion of trade, and we are all anxious to see trade developed with other countries. I am in favour of trade agreements and of reducing tariffs, but I realize more and more as the years go by that a reduction of our tariffs and the creation of more trade agreements between ourselves and other parts of the world are in themselves no solution of the problems of the day. We are attempting now to effect another trade agreement between the United States and ourselves, but does it not seem absurd on the face of it to expect that because we effect a trade agreement with the United States, which has a more serious unemployment than we have, we are going to improve materially conditions in Canada? Trade agreements, in fact, while they might expand trade in one direction, very often have the effect

of strangling trade in other directions, and it often happens that the result of trade agreements which are effected is merely to create new channels of trade without creating much additional trade; in other words, the sum total of benefits created is not very much.

As I said a moment ago, we are now in the second half of the session of parliament; perhaps we shall not sit as long as we have already done, and I think we should at least have a definite statement of policy from the government as to what they intend doing about the unemployment situation. We have in this country to-day at least 400,000 men and women who are out of work, and I am just wondering what hope this session of parliament is going to give to this vast number of men and women who are out of work, and who are looking to parliament for the solution of their problems and difficulties. There is nothing we have done during the past three months to give one ray of hope to this vast number of unemployed in this dominion, and is it any wonder that they are beginning to look on us with a certain mark of indifference, and some with a good deal of skepticism as to whether we really mean business in our attempts to solve this particular problem?

Wherever I go these days the same question is put to me: What is parliament doing to meet the problems confronting us in the dominion at the present time? And what answer can I give? There is only one answer, and that is that we are doing very little; that we are continuing to go along in exactly the same way as we have done during the past eight years. I put it to the hon. Minister of Labour, a student of economics, which is a form of science: If, after eight years the very serious problem of unemployment has not yielded to the treatment we have been giving it, is it not the logical thing, is it not the scientific thing, that we should seek to apply new remedies to meet existing conditions? Yet there are no new remedies; there is nothing new. We are continuing for the ensuing year with exactly the same kind of thing we have had in effect for the last seven or eight years. In 1930 we passed a bill dealing with public works and the giving of unemployment relief in the way of food, clothing and shelter. Now, eight years after we had our first serious problem of unemployment to cope with, we are dealing with it in exactly the same way. There is nothing scientific; I do not think there is anything really Liberal, about that method of dealing with unemployment. I had hoped that this year, when we met in January, faced with a falling volume of trade, the government would have presented some other means of dealing with the situation.

The present government have been rather fortunate. They came into power on the crest of a wave of trade expansion. When they went out of office in 1930, trade was on the decline. The moment contraction again sets in, we are faced with the same problem which confronted us in 1930, but with no means provided by the government, at any rate no means that they have brought before the house, in the way of an attempt to do something effective to meet the situation. How ineffective the house seems to be, particularly at this session! For the past three or four days we have been listening to a discussion on the reduction of the tariff upon implements of farm production. I am favourable to such a reduction. But does it not seem incongruous to have Liberal members pleading with a Liberal government to put a Liberal plank into effect by way of legislation? It should not require three or four days' discussion in the house to convince the government of the necessity of putting their own platform into effect. It could have been done in the first session of this parliament—

Mr. DUNNING: And it was.

Mr. HEAPS: —if the government had wanted to do so. But of course we had a lengthy inquiry by one of our committees, and then several days' discussion a year after the report was presented. Probably, when the next budget comes down or when the last budget before the next election is presented, we may find a little relief to the farmer by way of reduction in the tariff on farm implements. What I am more interested in is to make this parliament an instrument of some benefit and value to the great masses of our people. When I look at this session I find it is one of the most barren we have had in the history of this chamber. From the end of January to the present time we have not passed anything that can really be called legislation. As regards the present bill, it is not really new legislation, it is merely continuing legislation which we have had for the past seven or eight years. The other legislation which we were promised at the beginning of the session is likely to go into the discard; I refer particularly to the matter of unemployment insurance. So we have now been in session for approximately three and a half months; if we are asked what we have done in that time we can only say that nothing has been done, and as a person put

it to me the other night, we have done it as effectively as any one knows how it can be done.

My plea to the government at this time is to face the situation in the serious way in which I expect a government to deal with so grave a question. Otherwise, when the session is over, what shall we be able to show? Money again allotted for unemployment and farm relief. As I have repeated until I am tired of saying it, I do not want to see our hundreds of thousands of unemployed kept on relief; I would far sooner put them in a position where they could earn their livelihood and retain their self-respect. It may be that a limited amount of funds will be put into the deferred estimates for public relief work. I am anxious to alleviate unemployment to the fullest extent we possibly can; but may I again point out that no form of public works is in itself any more than a palliative, and very often only a poor one at that. I would plead with the minister, with all the strength and earnestness of which I am capable, to devise some further ways and means of dealing with unemployment, dealing with it as effectively as they are trying to do in other parts of the world. To the south of us the president, in spite of drawbacks and handicaps, is at least making efforts to deal with this recurring question. Although he has spent billions of dollars, he has also taken other means of coping with the problem. But here we sit still. Week by week we sit idly by. Month after month goes by, but we accomplish so little and give so little encouragement to the unemployed. Now that we are on the third reading of this bill, I trust that before the session closes we shall have some announcement from the minister on behalf of the government that they are going to take means entirely different from those adopted in the past in order to cope with the present problem which has been with us in an acute form for the last eight years.

Mr. E. E. PERLEY (Qu'Appelle): I agree with a great deal that has been said by the hon. member who has just taken his seat. We have been here for nearly four months, and people are beginning to wonder what we are doing in Ottawa. This bill could easily have been introduced early in February. I think we should have had some definite statement with respect to what projects the government proposes to undertake under this legislation. Speaking to the bill the other day in committee, I made one or two suggestions which I thought were worthy of consideration, and I asked the Minister of Agriculture (Mr. Gardiner) to make a statement with respect to them. Speaking of clause 4, which gives power to the government—

Mr. GARDINER: Mr. Speaker, on a point of order, the hon. gentleman has made three speeches on this question. One of them—

Mr. STEWART: This is the third reading.

Mr. GARDINER: One was made at the proper time to deal with this matter, when the bill was before the house. One was made the other night, when I raised objection. Now he is going to proceed to make another one on a matter which has nothing to do with this particular question.

Mr. STEWART: It is a different stage.

Mr. PERLEY: I see no point of order in that statement. The hon. gentleman generally transgresses a little himself by getting a little out of order, but we have not objected to that. However, I shall come to the point. In this bill the government is provided with power to relieve agricultural distress in the west. I hold in my hand a copy of the Regina Leader-Post, just at hand, in which it is stated that the premier of Saskatchewan announces a two million dollar plan for summer-fallow. Speaking at Frobisher, he announced:

> —a $2,000,000 government financed summer-fallow program to follow up on the heels of the spring seed and feed distribution.

Mr. GARDINER: The hon. member is making a statement with regard to the distribution of seed in Saskatchewan. It has nothing at all to do with this bill. Appropriations for a summer-fallowing program in Saskatchewan have nothing at all to do with the measure now before the house. As I have said, the hon. member has already made three speeches on this matter, one at the proper time and two at times when the rules of the house prevented him from making a speech. But my objection is that he asks me to make a reply, at a time when under the rules of the house I have no right to make a reply.

Mr. PERLEY: Well, I shall put it in this way, that under this act there is power for the minister to make arrangements with a government to relieve agricultural distress. The premier of Saskatchewan has announced a program of that kind. That program could not be announced unless some arrangements had been made with this government, for the finances of that province will not permit a two million dollar expenditure on summer-fallow or anything else without the approval of this government. I submit, therefore, if an arrangement of that kind has already been

made, that we should have a statement from the minister which might come under any of the provisions of this bill. It is a very bold statement, particularly at this time. I quote:

> Depending upon the date of the election, the summer-fallow program would have to be financed either before or after the election, the premier continued. "If it is after the election," the premier continued, "ask yourself who can provide aid for you better, a government that has maintained the province's credit or one that contends that maintaining credit doesn't matter."

There is no question, in view of this statement, that some arrangement has been made between the two governments with respect to assisting farmers with their summer-fallow. It is right that they should be assisted, but we should have a statement now on the third reading of the bill as to what arrangement has been made in that respect with the province of Saskatchewan.

Mr. ROGERS: I have no desire or intention to detain the third reading of the bill.

Mr. PERLEY: We should have a statement from the minister with respect to that matter.

Mr. GARDINER: It has nothing to do with the bill.

Mr. PERLEY: Where do they get the power?

Mr. GARDINER: I am as anxious as the hon. member to have the house get on with the business, but what he has said has nothing to do with the particular business before the house.

Hon. NORMAN McL. ROGERS (Minister of Labour): I listened with some amazement to the observations made by the hon. member for Winnipeg North (Mr. Heaps). He said in effect that there was no hope, in respect of unemployment, in the policy of trade expansion; that there was no hope in the adoption of relief works, and that he was not satisfied with the provisions for direct relief. In other words, he said in effect that the problem of unemployment is insoluble, and then he complained that no solution had been found.

Mr. HEAPS: That is the minister's inference.

Mr. ROGERS: As I said the other night, the hon. member must be aware that unemployment exists throughout the entire world at this time and always has existed to some degree. As a matter of fact, in other countries, in Great Britain for instance, despite great industrial activity in the past year, there has been an increase in unemployment of over 200,000; and in the great country to the south of us there has been a far more conspicuous increase in unemployment; for recent figures that have been given show that there has been an increase from seven and a half to twelve millions—and that despite the adoption of certain measures which in his first breath my hon. friend condemned, and in his last breath suggested that we might very well imitate.

Mr. HEAPS: I did not say that. What I had in mind was the bill which is now being discussed in congress dealing with hours and wages.

Mr. ROGERS: My hon. friend at the beginning said that there was no virtue or merit whatever in these policies that have been adopted in the United States, and then he complained that this government had not put into effect policies similar to those that had been carried out by the Roosevelt administration.

Mr. HEAPS: I did not say that.

Mr. ROGERS: The fact is that when we contemplate conditions here at the present time, in the light of the fact that a large portion of our agricultural area has been out of production for five years, we have every reason for confidence instead of despair. I say to my hon. friend in all kindness that the group to which he belongs was born in depression and nourished in despair. My hon. friend has not been willing to admit that there has been a distinct improvement from time to time. I have given the house on various occasions evidence of improvement in large sections of the country. In the maritime provinces in the past two years, unemployment, so far as it has affected relief, has been reduced 75 per cent; in the two central provinces the number of those on relief has been reduced between 35 and 40 per cent; in British Columbia there has been a reduction of 35 per cent. Only in the western provinces where climatic disturbances have had their effect, putting a large area out of production, has there been the persistent condition in an aggravated form that causes concern to my hon. friend. And let me assure him that he is not alone in that concern. Certainly this government, since it came to office, has not shown any indifference towards that problem.

My hon. friend says that we have not found a solution. Can he point to a single country that has found a solution except on the basis of forced labour, regimentation, and the enlisting of men in armies, and does he favour such methods?

Mr. HEAPS: They are attempting to do something.

Mr. ROGERS: Does my hon. friend favour that type of remedy?

Mr. HEAPS: I would favour this government doing what they are doing in New Zealand.

Mr. ROGERS: There is no comparison between this country and New Zealand. My hon. friend is going far afield. He began with a country in which the conditions are similar to ours, the United States, and now he is going to New Zealand. The truth of the matter is that we have not at any time shown any lack of interest or desire to deal with the problem. We have proceeded not on one line, but on several lines. We have tried to profit by the experience of our predecessors and have endeavoured to branch out along some lines of our own. We did not, as some hon. members have suggested, believe that foreign markets had disappeared for all time. We had the courage of our faith and we went out to find foreign markets; and the Prime Minister on Armistice day found a great market to the south that had not been enjoyed under treaty by this country since 1866. What is more, we believe that this market will be extended in time to come. We have gone in other directions as well and have found markets which my hon. friends said were beyond resurrection. We have found those markets and we have the faith that we can proceed along that line constructively and successfully.

As for relief works, I have stated on many occasions that relief works as such are not more than a palliative; there is no difference between my hon. friend and myself in that regard. We have, however, tried to concentrate expenditures in directions where there will be an increase in collateral and ultimate employment, and we believe that we should make expenditures in that direction where possible. The hon. gentleman comes from the great city of Winnipeg, and he knows that as a result of assistance given by this government and by the preceding administration there has been established there a modern sewage disposal plant which surely was of benefit to that community, and of temporary benefit to thousands of unemployed in Winnipeg. We have, through assistance given in connection with highways, opened up new areas and given encouragement to the mining industry, to the tourist trade, and to forestry; and in these directions, surely, our expenditures have not been wasteful. They have provided immediate employment, and also assisted towards greater ultimate employment.

We have also dealt with relief settlement on a moderate scale, and here again my hon. friend was the first to say that in the direction of rural rehabilitation we should proceed gradually and surely, because in the experience of some of the provinces we have found that to take families from the city and place them on the land tended to make their condition worse rather than improve it. We have, however, proceeded in that direction in association with certain provinces, and in some cases we have made marked progress in rural reestablishment.

We have also initiated plans for training the youth of Canada for reestablishment in industry. When that vote was before this house last year it was said to be an experimental vote. We wished to find our way, and we still wish to proceed cautiously, but surely. I think my hon. friend would not suggest for a moment that moving in that direction is against the interests of this country or of the unemployed young people who have not been able to find positions for themselves in recent years. Surely, if my hon. friend examines the estimates of last year, as he will in due course examine the estimates of this year, he will find that we have not proceeded along one line only, with any thought that in any one policy is to be found a solution for unemployment. That would be contrary to the experience of all other countries. But we have proceeded along a number of lines, trying to improve the situation in several directions at the same time, and we believe that our policies have had due effect.

I am just reminded of what has been done under the home improvement plan, also the Dominion Housing Act with its altered regulations; some $30,000,000 worth of construction has been stimulated under that legislation. Is that not a movement in the right direction, and does it not show the wisdom of government seeking when necessary to stimulate the operations of private industry to give employment in this country?

These are the directions along which this government has moved. If our progress has not been spectacular, at least it has been sustained. I have already given indications at various times of the improvement which has taken place despite the fact that in this great agricultural country there has been a large area out of production. I am not prepared to give a final answer as to our power to deal with unemployment until our agricultural provinces are restored to something

approaching their normal production. We all hope that conditions in the west will permit a return now to normal production. If they do, I am sure the benefit will be reflected not merely in the cities of western Canada but also in those of central Canada.

I wish to keep my promise to be brief in what I say at this time, but I should like to refer to a statement made by the hon. member for Yale (Mr. Stirling). I am sure he will acquit me of any desire to misrepresent in the figures presented to the house on a former occasion. As a matter of fact, I have before me now the figures I gave at that time, and I am certain that the difference between us is in regard to what shall be included in administration.

Mr. STIRLING: Exactly; that was the reason for my question.

Mr. ROGERS: My figures cover all the administrative staff, including the outside and field administration; the entire cost of administration of relief camps. My hon. friend's figures I have no doubt referred to the more restricted administrative staff. But I would remind him that when I was making the comparison it was in order to point out that the actual costs to the dominion government of administering relief had been decreased in the aggregate. The comparison was with the unemployment relief branch of the Department of Labour, and there, of course, one deals with both the inside and outside staff.

Mr. STIRLING: If I may interrupt, I would be grateful if the minister would look into the matter. I gave the figures contained in the final report of the work covered by the relief camps, and I would say that obviously they would include all the administrative work undertaken on behalf of that scheme.

Mr. ROGERS: I shall be very glad to look into it, and make whatever correction is necessary when the estimates are before the house. I merely point out at this time that the figures I gave were given to me as covering the whole administrative staff.

The leader of the opposition (Mr. Bennett) is not in his place at the moment, and I gather that there will be ample opportunity later to deal with the matter which he raised. I accept gladly his statement that had he been in his place the other night when I directed attention to the error in his previous reference to the president of the Liberal association of Kingston as having been an associate of the Frid Construction Company, he would have made the correction immediately that information came to his notice. But I repeat that statements of that kind, which the leader of the opposition himself admitted were made on the basis of faulty recollection, ought not to be made at all. I think it is not unreasonable to put the matter in that way. This is not the first time that sort of thing has occurred. I took immediate occasion to find out if there was any basis for the statement that the president of the Kingston Liberal association was a member of the firm which had the contract at Fort Henry. The whole purpose of the leader of the opposition was to suggest that there was something sinister and corrupt in that relationship.

Mr. STEWART: I do not think my hon. friend is stating accurately the position taken by the leader of the opposition, either on the former occasion or as he stated it to-night. What he said was that the gravamen of his charge was that political influence was being used in the administration of work for the relief of unemployment.

Mr. ROGERS: I accept that statement fully, but in that case the leader of the opposition should keep to the gravamen of his charge. Surely it was not necessary, in order to support his charge, to make a statement of this kind upon the basis of recollection. The statement was entirely inaccurate. As regards the positions to which the leader of the opposition referred in the statement that followed, they are not positions in relief work of any kind; they are positions which occurred in the normal operation of departmental services in the city of Kingston, and I believe were filled in the same manner as in other years. I have no desire to detain the house further with this discussion. The leader of the opposition said he proposes to refer to the matter again, and when he does so I shall be glad to discuss it fully.

Motion agreed to and bill read the third time and passed.

FARMERS' CREDITORS ARRANGEMENT ACT

BOARDS OF REVIEW, TIME LIMIT FOR FILING PROPOSALS, ETC.

The house resumed from Friday, March 18, consideration in committee of Bill No. 25, to amend the Farmers' Creditors Arrangement Act, 1934—Mr. Dunning—Mr. Sanderson in the chair.

Hon. CHARLES A. DUNNING (Minister of Finance): Since this bill was last before the committee I thought it would serve the convenience of hon. members better if the

amendments which arose as a result of the discussion on the former occasion, and which have been printed in the Votes and Proceedings, were incorporated in a reprinted bill. That has been done; on every file will now be found the bill reprinted as proposed to be amended in the committee, following consideration of all the suggestions made by hon. members of the committee as to how the measure might be improved. We might proceed with the reprinted bill, as none of the sections of the original bill was carried, but all were allowed to stand for further consideration.

On section 1—Interpretation.

Mr. DUNNING: The change in section 1 arises out of the suggestions made in committee. It was suggested that paragraph (d) as drafted in the original bill should be further amended to include agreements for sale and assignments of such agreements in connection with which privity of contract was lacking. It will be remembered that section 1 as originally devised was intended to provide for cases where absence of privity of contract had hitherto debarred consideration by boards of review of contracts in connection with cases coming before them. The one suggestion which came from members of the committee and which seemed to find general acceptance was that the principle should be extended to include agreements of sale, and this is provided for in the section as amended.

Mr. STEWART: I think there are some objectionable features in the amendment. As the minister has stated, the original measure as drafted and as interpreted by judges and those to whom it was referred was held not to include a person who had acquired property subject to encumbrance. The whole basis of the act is the insolvency of the farmer and the arrangement of his debts. The decision went on the basis that there was no privity of contract; that there was no debt existing between a person who had purchased a farm subject to mortgage, and the holder of that mortgage. That principle is absolutely sound. The holder of that mortgage could not sue the party who had purchased the farm subject to mortgage. There was no action against him directly, because there was no covenant between the parties. All that could be done was to foreclose the mortgage. There was no liability whatsoever on the purchaser in respect of the mortgage. And no matter what that purchaser might be worth; no matter what other property he might have, or no matter what other assets he might have—there might be money in the bank, or an indication of solvency in many respects—the holder of that mortgage had no remedy whatever before the act was passed. The whole intention of the act was to enable the party indebted to the other to have a compromise of his debts. It seems to me that it is extending the act far beyond its original scope and intention and, as I pointed out before, it is introducing further complications and further difficulties at a time when the difficulties ought to be contracted. It seems to me we are entering upon another field upon which we should not enter at all.

Mr. DUNNING: The remarks of the hon. member revert to the discussion which took place previously with respect to the principle involved. I do not think I can add anything to what was said on that occasion. Certainly at the present time there are about 3,000 cases of farmers which cannot be dealt with by boards of review, because of the absence of privity of contract. I gathered it to be the sense of the house that the greatest good for the greatest number would be served by refusing further to allow the lack of privity of contract to prevent the board from considering the actual case. I have not any doubt that, headed as each board is by a judge of the high court, the circumstances involved with respect to the original vendor and the original purchaser will, of course, be fully considered. I hesitate to propose anything which would deprive anyone of any right; but, after all, this is bankruptcy legislation, and we must never lose sight of that fact. I therefore believe it to be the sense of the committee that the section pass.

Section agreed to.

The CHAIRMAN: Clause 2, "Proposal filed prior to commencement of this act."

Mr. DUNNING: Section 2 of the bill, relating to the estates of deceased farmers, contains only two changes; only two changes have been made since the original bill was before the committee. One change is the insertion of the words "occurring on or after the 3rd day of July, 1934," after the word "farmer" in the first line, as a result of which the benefits under the amendment will be applicable only to the estates of farmers who died after the original act was passed. It is thought well not to extend the privilege beyond the coming into force of the original act. In every other such case the amendment stands exactly as when it appeared before the committee on the previous occasion, and

provides that the estates of deceased farmers may go before a receiver under the Farmers' Creditors Arrangement Act, and later before a board of review, suggesting an arrangement or composition upon the conditions set out in subsection 2. That subsection reads:

> The court, upon being satisfied that a member of the family of the decedent resides and will continue to reside upon the farm of the decedent and intends and is able to operate the same may, ex parte, upon such terms and conditions as the court deems fit, by order, grant such application.

When the bill was before the committee previously, the suggestion was made by the hon. member for Rosthern and, I believe, also by the leader of the opposition, that the proceedings should be ex parte, in order to make them as inexpensive as possible upon the debtor. But it will be noticed that the principle of the act is maintained, namely the principle of enabling the farmer to continue on the farm. If a member of the family of a deceased farmer demonstrates to the satisfaction of the court his or her intention or ability to remain upon and to operate the farm, then the executors of the estate of the farmer have the same rights, under the Farmers' Creditors Arrangement Act, as the farmer would have had had he continued to live.

Mr. STEWART: Is subsection 2 retroactive? Does it in effect open up all these cases which have been dealt with, and enable a case dealt with on the basis of the existing legislation to be reviewed by process of filing a new application?

Mr. DUNNING: Yes.

Mr. STEWART: Surely that is going to result in endless confusion. Do I understand that to be the proposition the minister makes?

Mr. DUNNING: The proposition is that if any farmer who died since July 3, 1934, had made a proposal under the act which had not finally been disposed of at the time of his death, his heirs may continue the proposal. That is one situation. Then, secondly, if at the date of his death he was unable to meet his liabilities as they became due, in such case the legal representative of the family may apply. In answer to my hon. friend, it does contemplate that in cases where the board of review, because of the state of the law, has been compelled to say, "No; the farmer is dead and we cannot proceed," the application will be entertained. That is what it means.

[Mr. Dunning.]

Mr. STEWART: I was discussing more particularly subsection 2 of section 1, which has not been passed, surely.

Mr. DUNNING: Oh, yes; section 1 is passed.

Mr. STEWART: It was not passed, as I understand it. Subsection 2 was not read and was not passed; certainly not.

Mr. DUNNING: I do not want to hurry matters, but I was under the impression that section 1 had passed. If my hon. friend wants to revert to subsection 2 of section 1, I shall not object.

Mr. ROWE (Dufferin-Simcoe): There was a misunderstanding there. Only subsection 1 passed, I think.

Mr. STEWART: Subsection 2 did not pass at all.

The CHAIRMAN: I called clause 1 and clause 1 was carried. Then I called clause 2, and we are now on clause 2, "Deceased farmers."

Mr. STEWART: If that is your interpretation of it, Mr. Chairman, we shall have to ask you to read what you propose to pass, because you read paragraph (d) and stopped when you called it, and paragraph (d) has nothing whatever to do with the matter under subsection 2 of section 1. It is not a clause at all; it is section 1.

Mr. DUNNING: Perhaps I may facilitate matters, though I think the Chairman proceeded in the normal way in considering the clauses of a bill. I think it is for the committee to indicate to the chair if they desire to have the subsections of all sections dealt with separately. This session I do not think that has been done very frequently. However, I have no wish to limit discussion, and if it is your wish, sir, I am quite content to revert to section 1 for the purpose of considering what my hon. friend has to say with respect to subsection 2 of that clause.

Mr. STEWART: And also subsections 3 and 4.

Mr. DUNNING: Does my hon. friend desire that the committee carry each subsection of each section?

Mr. STEWART: Certainly. I think that is the usual way.

Mr. DUNNING: It is rather unusual, but I shall not object, Mr. Chairman.

The CHAIRMAN: Very well; the committee will revert to section 1, subsection 2.

On section 1, subsection 2—Proposal filed prior to commencement of this act.

Mr. STEWART: It was on this subsection that I was asking the minister if the effect will be to throw open for review all those cases that have been dealt with under the legislation as it has existed.

Mr. DUNNING: Yes.

Mr. STEWART: No matter what has happened in the meantime you go back and review all those cases where there has not been this privity of contract? Relations may have been entirely changed; the mortgage may have been foreclosed. I ask the minister what he would do in a case of this kind, and I know several of them: The receiver and the court before which the matter came held, properly enough under the existing legislation, that there being no privity of contract the farmer was not entitled to the relief, and the mortgagee went on and foreclosed his mortgage, entered into possession and possibly sold the property. What is to be done in a case of that kind?

Mr. DUNNING: Subsection 4.

Mr. STEWART: Subsection 4 states: "Where the title has been extinguished"; but supposing it has not been extinguished; supposing the proceedings are not terminated?

Mr. DUNNING: If the proceedings are on the way, it is just the same as any other proceedings; certainly the farmer can apply.

Mr. STEWART: And what is to happen to the mortgagee who has incurred costs in the meantime and has pursued his remedies under the act, gone into possession and rented the farm?

Mr. DUNNING: The board will take all those factors into account. We cannot make a judicial decision in this committee as to what would happen in a particular case. We can only provide adequate and fair judicial machinery to take into account the circumstances of each individual case.

I would remind my hon. friend that I did not create this legislation; I inherited it. My hon. friend had a very great deal more to do with its inception than I had. All these exceptional cases must have been in the minds of those who framed the act, with the best motives in the world, and how did they solve them? They did it as far as possible by setting up a tribunal which would exercise judgment in the circumstances of the individual cases. In all these amendments I am endeavouring to follow that principle fully, and to apply to cases where privity of contract up to the present has barred consideration by the board the same principles that have applied in all other cases. That has been the object, and I think the draughtsmen have carried it out very well. But if any member of this committee asks me what will happen in this or that kind of case, I am afraid I can give only the answer I would give if I were asked what would happen in court under certain circumstances. I would simply say that the judge would have to assess the various factors entering into the matter, size them up and give his decision. I submit that here we cannot enter into the judicial aspects of the cases which may come before the boards.

Mr. STEWART: There is no direction or provision as to what the judge may do or as to what the procedure shall be. The Minister of Finance says I had a great deal to do with the passing of this act. That is so, but as he knows very well it was only intended to be temporary legislation. It was intended just to tide the farmer over an emergency and here, after four years, we are expanding it.

Mr. DUNNING: Not quite four years, is it?

Mr. STEWART: It was passed in 1934, I think, and we are now in 1938. I have been endeavouring to convince the minister that instead of expanding it he should wipe it out, according to the original intention and purpose of the act. We are told that conditions are improved and that everything is so much better. When I point out to the minister that the only debts which can be taken into consideration are those that were in existence at the time the act was passed, and that four years have gone by since then, surely there is not the same reason for continuing the act that there was for initiating the act. The debts that existed in 1934 must have been dealt with in the main in some way by this time, and to expand the act now and to introduce all these added complications is, I submit, contrary to the original intention and purpose. It is going to end in confusion and create complications.

As has been pointed out, in the operation of the act in Ontario the hardship now is not so much upon the farmer as upon the party who holds a farm mortgage. About eighty per cent of these are farmers who have loaned money to other farmers, neighbours who have loaned to neighbours, persons who have sold their farms and taken back mortgages. The hardship is upon them, and that hardship is just as great as that of the farmer. It seems

to me that the farmers cannot complain, after a lapse of four years, if legislation of this kind should, at least, not be expanded. It should be repealed. All I wish to urge is that in Ontario, in any case, the minister, as I believe he has taken power under this act, will see that it is repealed, and I suggest that the first day of July would be a suitable date for that repeal. I proposed to introduce a bill for that purpose. If the minister could only give me the assurance, which I am sure he will not, that this is his intention in connection with Ontario, I would not quarrel or quibble about some of the provisions that go in the direction of expanding the operation of the act, and taking it, as I think, beyond its original intention and scope, with further difficulties and complications and a greater measure of hardship, after this lapse of time, than the minister is going to relieve.

Mr. DUNNING: My hon. friend always treats me with such courtesy that I hesitate to differ with him, at least in any acrimonious way. It is difficult for me to add anything to what was said in the discussion on the second reading and in the committee proceedings before on this bill. The point which my hon. friend now raises is one, I submit, which was settled by the house when it adopted the second reading of the bill. There was no doubt, as a result of the full discussion, what the will of the house generally was as to the principles contained in this amending measure. May I point out in that connection that I was very frank with the house and said quite plainly that, as a result of the discussion in previous sessions, I was quite certain I could not get through the house the amendments which were regarded as necessary by the representatives of some of the provinces unless I could also incorporate in the bill a provision which would permit of the termination of the operation of the act in some provinces. That provision is in the bill. I know it is a lot to ask of my hon. friend; but with respect to when the termination will take place in this province or that, I am afraid that, hard though it may be, he will have to trust the government. I know that is all but impossible for him to do; but I think he knows my views on the matter and that I do not desire to keep the act in operation in any province in which it is clear it is doing more harm than good.

My hon. friend and a number of others have undertaken to demonstrate in connection with various provinces that the act is now doing more harm than good. I am prepared to consider such representations at any time and will give fair consideration to them in any recommendations I make to my colleagues in the government with regard to putting into force the section withdrawing the provisions of the act from operation in any particular province. I desire to make quite clear, however, that the government believes there are several provinces in which this act continues to perform at the present time, a necessary service for the farmers, and in which under no consideration at the present time would we consider withdrawing its operation. On the other hand, there are provinces in which the evidence accumulates that the act is doing the farmer more harm than good. In such cases we are prepared to act on the powers which are contained in a section which is not yet before the committee but which was very thoroughly discussed on a former occasion.

Mr. GLEN: I would draw the minister's attention to the last paragraph of subsection 4, which says:

> The provisions of the two next preceding subsections of this section shall not apply in any case where by an order or judgment of a court of competent jurisdiction the title of any farmer to any lands or chattels has been extinguished prior to the commencement of this act.

Does that mean prior to the commencement of the act of 1934, or to these amendments?

Mr. DUNNING: The amendments. That was to meet the point made by my hon. friend.

Mr. STEWART: If we are considering subsections 2, 3, and 4 together, as they are more or less interlocked, I suggest to the minister that there ought to be a provision that this relief should be upon such terms as some court of competent jurisdiction might impose. Subsection 4 reads:

> The provisions of the two next preceding subsections of this section shall not apply in any case where by an order or judgment of a court of competent jurisdiction the title of any farmer to any lands or chattels has been extinguished prior to the commencement of this act.

That means that if the mortgagee has foreclosed and extinguished the title, that is the end of it; but suppose he is in the process of doing that and has incurred legitimate costs; what is to be done about that? Should there not be some provision as to the power or authority of the court or some competent body to say that it should be upon such terms as may appear reasonable for the protection of the mortgagee? Unless the party seeking relief were asked to go before a judge and make his application—and the

application might be granted upon such terms as the judge might impose—it seems to me it would be imposing an additional hardship upon the mortgagee who may have incurred $100 or $150 of legitimate expenses. What is to happen? His title is not completely extinguished. Is he to add those costs to the mortgage, or what is to happen?

Mr. DUNNING: It really does not make much difference because if the farmer is in such shape that he cannot pay the existing mortgage, he cannot pay the added costs. It seems to me that would be part of the question which would automatically be before the board of review in any case. The mortgagee would come there and say: "My mortgage is so much, and in addition I have commenced foreclosure proceedings which have cost me so much." But the question before the board of review is: How much can this farm be made to pay? And, of course, all of the claim would be taken into consideration, and the board would have to decide the issue, according to the terms of the act, upon the capacity of the farm and the farmer to pay. So it seems to me adequately covered now.

Mr. STEWART: I am concerned with the jurisdiction of the board to take into consideration anything of that kind.

Mr. DUNNING: There is no question as to the jurisdiction of the board of review to consider that.

Mr. PERLEY: There would be many farmers in the western provinces who would find themselves in the position of being in default, if you wish to term it that, under the proposals that were made prior to the coming into force of this act because, through no fault of their own, they have not been able to live up to the arrangement then made.

Mr. DUNNING: That point will arise on another section.

Mr. PERLEY: There is a later clause dealing with that?

Mr. DUNNING: Yes.

Mr. ANDERSON: I understand, Mr. Chairman, that we have not yet passed subsection 2 of section 1, and I have something to say in regard to that subsection. It refers to the case where a proposal has been made but where, because of the absence of privity of contract, nothing can be done by the board of review or the judge. The proposed subsection allows the farmer in that instance to proceed to open up the case. The difficulties that were pointed out by the hon. member for Leeds are extensive, and it seems to me that the interests of the individual creditor should not be interfered with in this light manner. The moment the board of review passes on that and says it has no jurisdiction to deal with it because there is no privity of contract, under our present law the secured creditor is out so far as the board of review is concerned. If there is no provision in provincial law that prevents him from taking action to foreclose or other action that will give him possession of the property and enable him to sell it if he wants to, he has the right to proceed, but passing this law will expose a new purchaser under the foreclosure proceedings, or the man himself who has obtained the foreclosure, to an injustice. That is, he will be face to face with an opening up of those proceedings. Assuming that the man who has foreclosed his mortgage has sold it to an innocent purchaser, how is the latter going to be protected under this bill? You cannot protect him. An injustice arises.

Mr. DUNNING: Under subsection 4.

Mr. ANDERSON: Personally I am absolutely opposed to this legislation, and I would gladly vote for a bill which would rescind this law so far as Ontario is concerned. The Minister of Finance has said it has done more injustice in Ontario than any good it has done.

Mr. DUNNING: I did not say that.

Mr. ANDERSON: The minister shakes his head.

Mr. DUNNING: I did not say just that.

Mr. ANDERSON: I have not particulars before me now—but I have communicated with the Minister of Finance in regard to it—of the case of an Ontario investor holding a mortgage in Manitoba. It is a most unjust case. It is not necessary for me to repeat the details at this moment because the minister is aware of the facts. In that case debts were incurred not in connection with the debtor's farm but in connection with some other business he was carrying on; he went to the board of review, and this innocent investor in Ontario, who had invested his life savings in Manitoba, in a farm regarded as one of the finest in that province, has had not only his revenue but the value of his security reduced. I know of another case in Ontario which is even worse than that. I am satisfied that I can properly refer to the county of Perth, from which the chairman of this committee comes. In that

county there is great opposition to the operation of this act; I have heard it expressed by some of the chairman's own electors, and I have no doubt he can name a number of cases of the type to which I have referred. This will create an injustice as against persons who may acquire rights under foreclosure or otherwise, when the matter has been disposed of by a court of review. If this goes through, there will be no protection to such people. It says in the subsection that where the application has been filed but has not been dealt with because of the absence of privity of contract, then the man may renew his application. But in the meantime conditions may have arisen which make it an absolute injustice to allow the board of review or a court to open the matter up after that time. Surely there must be finality about it at some time, and that finality must not be such as to create an injustice. The hon. member for Leeds was trying to impress that upon the Minister of Finance, and I agree with the hon. member that we should not pass legislation which has that effect.

Mr. THOMPSON: I wish to register my opposition to this bill. I am pleased that the minister has included in it a provision for a province to be withheld or withdrawn from it. As far as Ontario is concerned, this legislation has outlived its usefulness, if it ever had any. I believe it has done more harm than good. I know of instances of people who were paying up their interest until this act was passed; then they stopped, and when interest had accumulated for a few years they applied and had the interest thrown off. I know of one farmer who retired and came into the town. He had about $25,000 invested in land mortgages, and last year there was not fifty dollars paid to him to live on. All the mortgagors had applied to the board, and he could not collect; that stopped all proceedings and left the man high and dry. It was never intended that this act should be permanently on the statute books, and I may say this, that I never was in favour of it. I thought it caused an interference with legitimate contracts with which no government should interfere.

Mr. DUNNING: The hon. member did not object very strongly at the time.

Mr. THOMPSON: The measure was passed unanimously because, I think, the house was making an honest endeavour to assist the farmer. But I must say frankly that I never looked favourably upon the bill. Now that debtors have had four years to make their adjustments they have been allowed plenty of time, and I do not think an act like this should be continued. It has destroyed the farmers' credit. No one will take a mortgage on a farm to-day because he is afraid of this legislation being invoked to rob him of his equity in the farm. No matter what may be said about it, it is class legislation of a most vicious kind, and I should like to see it repealed so far as Ontario is concerned.

Section 1 agreed to.

On section 2—Deceased farmers.

Mr. DUNNING: I have already explained that, Mr. Chairman.

The CHAIRMAN: Shall clause 2 carry?

Mr. DUNNING: It had better be taken subsection by subsection.

The CHAIRMAN: Shall subsection 1 carry?

Mr. STEWART: Oh, no, Mr. Chairman, this is worse than the other:

6A. (1) In the event of the death of a farmer occurring on or after the third day of July, 1934 who

(a) has made a proposal under this act which has not been finally disposed of at the date of his death, or

(b) was at the date of his death unable to met his liabilities as they became due,

the legal representative of the decedent may apply to the court—

Does this mean that it applies only to a case where a proposal was made?

Mr. DUNNING: No.

Mr. STEWART: Or is it extending it further and enabling the legal representative to apply to the court (i) for an order to continue proceedings under the proposal filed, or (ii) for leave to make and file a proposal on behalf of the estate of the decedent, as the case may be? Here is a case of a man who, we will say, died on July 4, 1934. His estate has been going along in the meantime. He was not entitled to come in under the Farmers' Creditors Arrangement Act as it existed, because it did not apply to the estate of a deceased person. Now the legal representative comes in after the lapse of nearly four years, and what has he a right to do? He has a right to file a proposition on behalf of the estate of the deceased. Just imagine the confusion that is to result from doing that at this stage, and in respect of a debt that existed only in 1934! I cannot imagine anything more calculated to result in confusion, in tying everything up and in creating

injustices and complications which I do not think can be solved under this act with any of the machinery that is created.

Subsection 1 agreed to.

On subsection 2—Order of the court; and subsection 3—Proposal to be proceeded with.

Mr. STEWART: This is to be an ex parte application.

The court, upon being satisfied that a member of the family of the decedent resides and will continue to reside upon the farm of the decedent and intends and is able to operate the same may, ex parte, upon such terms and conditions as the court deems fit, by order, grant such application.

(3) Upon any such order being made, the legal representative of the decedent shall be entitled to proceed with a proposal filed or to be filed in the like manner and with the like results as the decedent might have done if death had not ensued, and the provisions of this act shall in the case of such proposal apply in all respects as in the case of any other proposal made under this act.

Ex parte he may apply to a judge for leave to file a proposal, and the judge decides upon what terms and conditions he will grant the order. "Legal representative" means an executor, administrator, or other personal representative or person, according to the law of that part of Canada to which the context extends. In connection with the ex parte application, I think he ought to give notice to some person.

Mr. DUNNING: The ex parte provision was inserted at the suggestion of the hon. member for Rosthern and concurred in by the leader of the opposition. When the matter was last before the committee it was thought that if we were to have such proceedings it would be better for everyone that they should be ex parte in order that the expenses might be reduced to the minimum for the family of the deceased farmer.

Mr. STEWART: What about the creditors?

Subsections 2 and 3 agreed to.

Subsection 4 agreed to.

Section agreed to.

On section 3—Stay of proceedings.

Mr. STEWART: What is the effect of this amendment?

Mr. DUNNING: The effect is in the last lines. The only amendment is an addition of the last lines:

Provided, however, that the stay of proceedings herein provided shall only be effective until the date of the final disposition of the proposal.

It is merely clarifying.

Mr. STEWART: I should have thought it would be clear without that.

Section agreed to.

On section 4—Board of review.

Mr. STEWART: How many provinces have now more than one board of review?

Mr. DUNNING: None.

Mr. STEWART: There is just one board of review in every province.

Mr. DUNNING: Yes.

Mr. STEWART: I should have thought that there was jurisdiction to appoint more than one, because the Interpretation Act says that the singular includes the plural.

Mr. DUNNING: The Department of Justice does not agree with my hon. friend.

Mr. STEWART: How many cases are pending in the different provinces?

Mr. DUNNING: Requests not set for hearing, as of March 31, are:

Prince Edward Island	7
Nova Scotia	29
New Brunswick	76
Quebec	494
Ontario	1,167
Manitoba	121
Saskatchewan	1,088
Alberta	899
British Columbia	10

That is, a total of 3,891 requests not yet set for hearing in all the provinces.

Mr. STIRLING: What proportion of these will reach the board of review?

Mr. DUNNING: Every one of these will reach the board of review.

Mr. SENN: How many appeals that have not yet been heard will reach the board of review?

Mr. DUNNING: That is the number.

Section agreed to.

On section 5—No new proposal after a certain date.

Mr. BERTRAND (Prescott): Before this section carries, I wish to say a few words on behalf of the farmers of the most easterly part of Ontario. I see that the operation of the act has been more or less broadened in sections 1 and 2, and frankly our farmers do not want this act so broadened. I did not say anything on those sections because it might suit other parts of the country, but in our district it is now very difficult for farmers to borrow money from banks or private individuals owing to the operation of the Farmers'

Creditors Arrangement Act in the past. We claim that the act no longer gives the benefits which it was intended to afford the debtor, and it has made it almost impossible to obtain mortgages on farms, in the last few years and particularly in the last few months. Confidence is more or less gone because the secured creditor cannot realize security on a loan on a farm, so that a real hardship has been caused to creditors who were dependent upon incomes from farm mortgages. Old people whose savings were in the form of farm loans or mortgages must now in many instances ask for old age pensions. Farmers of integrity in our district are really opposed to the act. Many resolutions have been passed to that effect. Farmers' sons are forced off the land, and have to find a living somewhere else, and they deserve some credit. Speaking for the section of the country I represent, I can say that some worthy cases have not yet gone to the board of review, and therefore a certain lapse of time should be allowed by the government in order to give such people an opportunity to make an application. But this period should not be interminable. I absolutely agree with the hon. member for Leeds, and would recommend to the Minister of Finance that between now and the first of July is an ample period in which to receive such applications. After that date no applications should be received for reductions in farm debts under this act in Ontario.

Mr. ANDERSON: I have great pleasure in supporting the remarks made by the hon. member who has just spoken. It is left with the governor in council to determine the date after which no action shall be taken under the act. In my opinion enough wrong and injustice has already been done in Ontario to justify the minister in fixing the first day of July or, if this house should rise before that date, in deciding that the act should become operative in regard to this matter as soon as assented to by the governor general. I am altogether opposed to the act. If I had my way I would rescind the whole act as far as Ontario was concerned, and there would be less injustice done to the farmers and to the investors of Ontario than the benefit to be obtained by those 1,100 who have made application under it. In Ontario it is only the unprogressive and inefficient and—yes, dishonest—farmers who are asking relief under this act.

Some hon. MEMBERS: Oh, oh.

Mr. STEWART: At the present time.

[Mr. E. O. Bertrand.]

Mr. ANDERSON: It is not resorted to by the progressive, scientific, efficient and honest farmers.

Mr. BERTRAND (Prescott): A moment ago I made a plea to have this law amended so that it would not apply after July 1, but I do not want to be associated with the expression of the hon. member for High Park (Mr. Anderson) who states that some farmers seek dishonestly to take advantage of the act.

Mr. FAIR: May I ask the hon. member for High Park whether he confines that remark to the farmers of Ontario, or applies it to the farmers of Canada generally?

Mr. ANDERSON: I am speaking of Ontario, and I do not think I am very far out. The act is not needed and not wanted by a very large majority in Ontario. It may be needed in certain other provinces, but if the western provinces had been fortunate in the last eight years in having as fair a crop as Ontario has had we would never have heard of it from them. There are many in western Canada who are not taking advantage of this act, because they dislike to appear in a role which has the appearance of dishonesty. There are many in the western provinces taking advantage of that act, just as in Ontario, simply because of their own inefficiency and dishonesty.

Mr. BERTRAND (Prescott): I again protest against the suggestion of dishonesty as applied to any farmer in my section of the country.

Mr. FAIR: I would remind the hon. member that farmers of the west found it necessary to do what they did because of the dishonesty of some of those with whom they had been dealing, and are still dealing to-day.

Mr. NEILL: I hope it will be remembered that the opportunities of this act were largely relied upon by the Minister of Mines and Resources (Mr. Crerar) when he was putting through the amendment to the Soldier Settlement Act and some of us were complaining that the extension of the soldiers' bonus which he provided did not go nearly far enough. It will be recalled that we wanted it as it was before; but what was given was a very limited amount, and time and again when we asked him what the settlers would do in a certain event he said they could get relief or assistance under the Farmers' Creditors Arrangement Act. I think the minister will admit that he

dwelt very largely on that, and I think the Minister of Finance (Mr. Dunning) himself was kind enough to say in answer to a question I asked, that he would weigh very carefully the question of discontinuing the act in any particular province. I ask him to be kind enough to renew that promise in view of the suggestions made that the act is not needed in Ontario; but in British Columbia I submit it is. So I hope he will be very careful before he takes that step as regards British Columbia.

Mr. DUNNING: To recommend to my colleagues action under this section is a responsibility which will be far from pleasant as far as I am concerned, because I am quite sure, in view of the violent differences of view with respect to this act on both sides and in all provinces, that I shall receive a great deal of abuse no matter which course may be adopted. I assure the hon. member for Comox-Alberni (Mr. Neill) that I shall bear in mind also that he is a pretty efficient protester in regard to anything which he thinks is not fair to his province, and that I shall incur his wrath if in any recommendation I fail to take into account the views which he has expressed. Of course one will have to weigh very carefully all the evidence and representations before making such a recommendation. I am not pleased to have to put before the house a provision of this sort. No minister who has any experience likes to be charged with such responsibility as this places upon him. He would much prefer to have parliament assume the responsibility and either put the act out or keep it in. But this appears to be the only method whereby we can conserve such advantages as may exist to the agriculturists of some sections, and at the same time get rid of the disadvantages which others allege have flowed from the operation of the act in other sections. I can only say that I shall try to discharge that very difficult task to the best of my ability.

Mr. THOMPSON: Would the minister state whether he intends to make this a permanent law in this country or not?

Mr. DUNNING: My hon. friend is an old parliamentarian; he knows that ministers do not make laws; parliament makes laws. In view of the expressions of opinion that have been given respecting this measure, I certainly do not regard it as a fixture in the statute books of this country.

Mr. STEWART: I do not think it will be allowed to remain a fixture. The minister will recall that when the act was introduced provision was made for the introduction of it in different parts of Canada by proclamation at different times. It was realized that conditions were different in different provinces and different sections; that its provisions might be very much more effective in one part of the dominion than in others, and that it might be desirable to have it in force in one province and not in another. Another matter that has caused difficulty is the administration of the act. It is a difficult act to administer.

Mr. DUNNING: Very.

Mr. STEWART: And the officials do not follow the same course in all the provinces.

Progress reported.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

Tuesday, May 10, 1938

The house met at three o'clock.

VICTORIA DAY

PROPOSAL THAT LEGAL HOLIDAY BE OBSERVED FOR THE PRESENT YEAR ON MONDAY MAY 23

On the orders of the day:

Mr. GORDON GRAYDON (Peel): Mr. Speaker, I should like to direct a question to the Prime Minister (Mr. Mackenzie King). In view of the fact that Victoria day falls on Tuesday this year, will the government consider declaring the Monday nearest May 24 as the legal holiday to be observed generally by the citizens of Canada in this instance?

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend was kind enough to give me an intimation of his intention to ask this question, and I thought it might be of interest to him and to other hon. members of the house if I stated the general position with respect to holidays as provided for in the statutes.

The following are the public statutory holidays in Canada, the dates of which are fixed by statute:

New Year's day
Good Friday
Easter Monday
Victoria day
Dominion day
Labour day
Remembrance day
Christmas day.

The following are fixed by proclamation:

The sovereign's birthday
Thanksgiving day.

When New Year's day, Christmas day, Victoria day, Dominion day or the sovereign's birthday falls on a Sunday, the following day, in accordance with statutory provision, is observed as the holiday. It will be apparent from this statement that if Victoria day were to be observed on Monday rather than on Tuesday this year, the statute would have to be altered in the meantime. I may say that I have received some communications suggesting that there should be no change, because arrangements have already been made to hold certain celebrations on Tuesday, May 24. I presume once it is understood that the governor in council has no authority in the matter, apart from that given by the statute, it will be apparent that we cannot very well alter the arrangement for Victoria day, at all events for this year.

CANADIAN BROADCASTING CORPORATION

INCREASE OF LICENCE FEES

On the orders of the day:

Hon. C. D. HOWE (Minister of Transport): At the last sitting the hon. member for Bow River (Mr. Johnston) made inquiry as to a return of correspondence between myself and the Canadian Broadcasting Corporation with reference to the change in the radio licence fee. The information was sent forward by our department some days ago but apparently the return has not been brought down. However, for the information of my hon. friend I may say there was no correspondence.

SHOP CARDS REGISTRATION

PROVISION FOR REGISTRATION OF DISTINCTIVE CARDS OF LABOUR UNIONS AND PREVENTING UNAUTHORIZED USE

Hon. FERNAND RINFRET (Secretary of State) moved the third reading of Bill No. 22, respecting the registration of shop cards by labour unions.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, I happened to be called out of the house on April 26 when this bill was in committee. I should now like to make a few remarks with regard to it.

The shop card, which is the subject matter of this legislation, is stated to be desirable in order to afford labour unions, whose members engage not in the production of wares but in the performance of services, means of registering their distinctive cards in order that those establishments which employ, in the performance of services, members of these unions, may be enabled to use, by arrangement with the unions, the union shop cards and to prevent unauthorized use of the cards.

My only experience with shop cards has been in the barber shop in the city of Montreal, to which I resort occasionally, which displays a card indicating that all the employees of that shop are members of a certain labour union. This is a very proper method of advertising, and I think if it were within our power to do so we might approve of protecting that form of advertising so that a labour union might advertise that in certain shops the employees are all members of its particular union. A similar proposition was made to me some years ago when I was Secretary of State. I investigated the matter in so far as I was able so to do, and the opinion which I reached was at that time clear, and I think, decisive, that it is not within the legislative competence of the parliament of Canada to enact a measure such as this, except possibly by enacting an amendment to the criminal code that would make it a criminal offence for a competitive shop to misuse a card, or to deceive its customers by the display of a card, indicating that its employees were members of a labour union when as a matter of fact they were not such members.

However, when this bill was up for a second reading I asked the Minister of Justice, I think, or the Secretary of State, to have the matter investigated by the Department of Justice, and the Deputy Minister of Justice, for whom I have a great respect indeed, has reported an opinion which appears in Hansard of April 26 last, in which he states that this bill does not deal with trade marks; but he adds, at page 2265:

> I am of opinion that the purpose and effect of the bill is to vest in certain labour unions a copyright which they do not now enjoy, and that the validity of the bill is supportable on the ground that it is copyright legislation within the meaning of section 91 (23) of the British North America Act.

As I have already stated, I was clearly of the opinion that this bill or a similar bill was not within the legislative competence of parliament, and that for parliament to enact such legislation beyond its powers would prove a disservice to the labour unions which requested its enactment. I am still of that opinion. I may individually commend the policy of this proposed act, but I think the utmost care should be taken to ensure its

enactment by a legislature which is constitutionally competent so to do, so that its validity may be beyond doubt.

I am of the opinion that provincial legislatures are competent, and that the bill, if enacted by a provincial legislature, would be valid beyond question.

This bill does not deal with "trade marks." It deals with "shop cards of labour unions." The shop cards are not designs, devices or words to be used to distinguish a manufacturer's or trader's goods, wares or merchandise, and therefore these cards cannot be deemed to be trade marks either at common law or by statute. The bill does not deal with industrial designs, which are defined by our statute law and protected. It is clear, I think, that a shop card is used for advertising purposes only. It advertises, as I have already stated, that the employees of a shop in which a shop card is exhibited are members of a particular labour union.

I remember that when the matter was brought before me as Secretary of State some years ago I spent a great deal of time in examining all the precedents, and I could find no judicial authority to the effect that there may be, by common or statute law, a copyright in such an advertisement.

Copyright was originally a common law right which by a series of statutory enactments became merged in the statutory right known as copyright, and since 1911 such statutory right exists in the United Kingdom and in all British dominions and possessions.

Originally, copyright was the exclusive right which an author or designer had, at common law, to print, publish or sell his own original work. Then it was decided by the courts that it included the exclusive right of multiplying copies of an original work. It gave protection also to sculptors, designers and engravers, to authors of literary works, musical compositions, and later, as this house well knows, to performing rights in musical productions. The law of copyright was also extended to protect paintings, drawings and photographs, and works of architecture. But I can find no decision in respect of copyright, either under common law or under the statute law, which purports to protect advertisements.

Chitty, J., in Lamb v. Evans, 1892, 3 Ch. 462, held that there might be copyright in the headings under which advertisements were classified, but not in the advertisements themselves. And in 1893 the court of appeal, 1 Ch. 218, held that though there might not be copyright in advertisements, there might be copyright in the arrangement of a sheet of advertisements.

Recently it has been found that there is a copyright in the arrangement of statistics in regard to certain branches of insurance, so that those who originated those tables have a copyright in the tables and in their reproduction.

Tradesmen's catalogues may be the subject of copyright, but solely on the ground that the compiler of the catalogue has exercised skill and judgment in making his compilation.

Certainly these shop cards do not fall within that special category of advertisements. This bill does not purport to embody any criminal legislation whatsoever. No fines or other penalties are imposed by the bill. It merely provides that a labour union may have a shop card, not on the ground that the labour union is the author of the card, or that it designed the card, but by the mere fact that it has registered a card, as provided in the bill, in a new branch of the state department which is to be organized for that purpose.

Section 9 of the bill provides that a civil action may be brought for unauthorized use of the shop card. I quote:

> 9. (1) An action or suit may be maintained in any court of record having jurisdiction to the amount claimed, by any labour union which has complied with the provisions of this act as to registration, or by any authorized executive officer thereof, against any person, firm, labour union, association, or corporation, alleged to be using without permission the shop card of such labour union.

That, if passed by a competent legislature, might be commended. But the bill provides merely for a civil action for compensation for the misuse of personal or movable property, and under that provision, in a civil action, damages must be strictly proved. That is, under our English law of torts, an action for deceit. In other words, the bill deals with an alleged deceitful use of property, which is not a trade mark, or a copyright, and is therefore clearly, I think, within the exclusive jurisdiction of the provincial legislatures. The only action that lies under the terms of the bill is an action for compensation for the use or misuse.

Under these circumstances I am personally of the opinion that parliament should hesitate about placing this bill upon the statute books of the country, where it may mislead a number of labour unions, whose work I would highly commend and which should be commended; but they should be protected by a competent legislature, so that they may not be induced to bring actions which, before ultimately

decided, will involve them in litigation and very considerable expense. I will not now vote against the third reading of the bill, but I thought it was my duty, in view of what has taken place during past years, to express this personal opinion on the third reading.

Hon. FERNAND RINFRET (Secretary of State): I hope my hon. friend will not deem it any discourtesy on my part if I do not reply at length to the remarks he has just made. This bill has been discussed for some time on a previous occasion, when it was up for second reading, and then in committee. On that occasion I had to explain, with my colleague the Minister of Labour (Mr. Rogers), the reasons why we were bringing it in and recommending it to the attention of the house. I regret very much to have to disagree with my hon. friend, for whom I have the greatest regard, as also for his legal knowledge; but I must insist that every care was taken in the preparation of this bill, with the aid of officers in both departments, and we are not apprehensive about the point which he has brought up to-day.

I wish merely to remind the house that an amendment to the then Trade Mark and Design Act was adopted on March 25, 1927, to permit the registration of shop cards. That obtained for five years, and never once during that interval has the department been seized of the least doubt as to the validity of such an amendment. In 1932 my hon. friend, who was then secretary of state, brought forward a new bill, the Unfair Competition Act, where he did define "trade mark" in such a way that it would apply only to wares and designs associated with wares, and would not include the registration of shop cards. There is not one word in that bill which does so in a positive way. It was only the effect of the bill, in that as it was dealing only with objects or wares it did exclude automatically the registration of shop cards. But not even when that bill was discussed in the house was there the least allusion made as to whether it was constitutional or not to permit by federal legislation the registration of shop cards.

Since 1932, practically every year, when the labour unions came to Ottawa with a program of desired legislation, the request was made to restore the registration of shop cards. It was pressed before me in 1936 and 1937. I may say that last year we had a bill practically ready to achieve that object, and it was delayed only on account of the short session, which, hon. members will remember, we had last year.

[Mr. Cahan.]

When I introduced the bill this year, on second reading both the Minister of Labour and myself gave a very full explanation of the trend and the particular character of the measure, and I may add that even since this bill was first discussed there has not been the least intimation to the department, except by my hon. friend the former secretary of state, that it may not be within the jurisdiction of the federal parliament.

Mr. CAHAN: When the Unfair Competition Act was enacted—it is 1932 to which the hon. gentleman refers?—there was a full discussion in committee with regard to it; and that committee, was, I believe, an excellent one.

Mr. RINFRET: There was nothing in the discussion in the house which in the least reflected this objection. I do not believe there was even an allusion.

Mr. CAHAN: The discussions of the committee are not recorded in Hansard.

Mr. RINFRET: My hon. friend has been very moderate and exceedingly courteous, as he always is. This matter was submitted to the Department of Justice, and the department, through its deputy minister, gave the opinion which I placed on Hansard when the bill was up for the second time before the house. It was a very short one, and I surmise that the matter did not even appear obscure or at all contentious to the Department of Justice. It stated that whether it was a trade mark or copyright there was not the least doubt in the mind of the department that we had jurisdiction in the matter. After all, Mr. Speaker, a shop card or a design of a labour union is very similar in character to other objects which are protected under several acts of the federal statute. If it is a work of art or literature it is protected by copyright; if it is an invention of the mind, it is protected by the Patent Act; if it is a design distinguishing particular wares or objects it is protected by the trade mark act.

Mr. CAHAN: But this is neither.

Mr. RINFRET: But does it not appear that a shop card representing the performance of services or the work of a labour union, which cannot possibly come under the other categories that I have mentioned, would enjoy similar protection under another act? In every case it is the protection of a moral property or right duly registered with the state.

I repeat, Mr. Speaker, that I do not think it is necessary for me to go into the details of

the bill again. I simply commend to the house the third reading of the bill, for the reasons I have given on previous occasions.

Mr. SPEAKER: Shall the motion carry?

Mr. CAHAN: On division.

Motion agreed to on division and bill read the third time and passed.

FARMERS' CREDITORS ARRANGEMENT ACT

BOARDS OF REVIEW, TIME LIMIT FOR FILING PROPOSALS, ETC.

The house resumed from Monday, May 9, consideration in committee of Bill No. 25, to amend the Farmers' Creditors Arrangement Act—Mr. Dunning—Mr. Sanderson in the chair.

On section 5—No new proposal after a certain date.

Mr. DUNNING: This provides for proclamation.

Section agreed to.

On section 6—Subsection repealed.

Mr. DUNNING: This represents a minor amendment consequential upon the former one. The present reading of (j) in the bill means a proposal made by a farmer. In view of the change made in the previous sections enabling executors of farmers to make application, the word "farmer" is dropped.

Section agreed to.

On section 7—Subsection repealed.

Mr. DUNNING: In connection with section 7, it is proposed to drop subsection 3 of section 2 of the present act and substitute what is contained in section 10A of the bill now before the committee. The reason for the change is the wide difference in the opinions of courts and lawyers with reference to the procedure to be adopted by creditors under subsection 3, as it now stands, of section 2 of the act in case of default of a farmer which has been annoying and expensive to all concerned. For that reason it is desired to repeal that subsection and to provide a clear-cut method of dealing with the dishonest farmer, as was intended when the original act was passed, by substituting the new sections 10 and 10A. The real effect of sections 10A and 10A(2) is that whenever a farmer does not carry out the terms of the composition which has been made for him by the board of review, and the reasons for his not carrying them out are not to be found in circumstances beyond his control, then the remedy provided is that the farmer shall revert to the position occupied by him in relation to his creditor before any order was made by the board.

Mr. SENN: Who determines whether the farmer is responsible in the circumstances?

Mr. DUNNING: The court.

Mr. TUCKER: Is that supposed to be the only remedy? As I understand the decision of the courts at the present time, if someone were supposed to pay a $100 debt at the rate of $20 a year for five years the creditor could sue, in the ordinary course, for that $20 when it became due. Is it intended now that this provision should be exclusive of other remedies? If a person had a $50 or $100 debt due him, it should not be necessary for him, before he could sue for that debt, to have the scheme formulated by the board of review annulled. As I understand it, at present one can sue in the ordinary way for a debt due under a proposal that has been confirmed by the board of review, and that is very satisfactory in the case of small debts; it should not be necessary for creditors to have the composition annulled. Is that the idea of the amendment?

Mr. DUNNING: This amendment provides the remedy set out in it in addition to any other remedies that may exist, particularly those that exist under provincial legislation. This is an additional remedy in the case of a farmer who dishonestly makes no attempt to carry out the terms of the composition that has been made in his favour. It means that under this legislation, in its relationship to the bankruptcy law, the whole transaction so far as the board of review is concerned is wiped out and the farmer reverts to the position he occupied before any order was made.

Mr. GLEN: Since the discussion on March 18, another case has been brought to my attention. A farmer who had already received an order from the board of review before the first payment was due called for an auction sale of his stock and equipment, and the creditors who went to the official receiver to find out what protection they had discovered that they had no remedy under the act. The clause as now drafted is sufficient for the purpose, but it will have to go further. When the matter was under discussion on March 18 I put on Hansard rules 48 and 49, which will be found at page 1494. There are four

reasons for the issuing of an order setting aside a proposal: They apply where the debtor has:

(a) made a fraudulent or preferential conveyance, gift, delivery or transfer of any of his property;

(b) with intent to defeat or delay his creditors, departed or remained out of Canada;

(c) assigned, removed, secreted or disposed of any of his property with intent to defraud, defeat, or delay his creditors;

(d) conducted himself to the satisfaction of the official receiver in such manner as indicates bad faith towards his creditors.

The courts have taken the position that the rules apply only prior to the granting of the final order by the board of review. Unless the rules are altered so as to apply to a farmer who has defaulted of his own accord and not in consequence of circumstances, such as climatic conditions, beyond his control; unless it is possible for action to be taken under the rules after the board of review's order is given, then the rules mean nothing. Section 10 (a) as now drafted is satisfactory in that it provides for the cancellation of the order should any of these four reasons be established—and they are serious enough to warrant annulment of the board of review's order. But the rules will have to be altered so as to remove any doubt there may be in the minds of the court that the rules apply after the board of review have made their review as well as before.

Mr. DUNNING: The matter of amending the rules to make them conform to the intent of the section is now before the department and is under consideration. Of course, the provincial law of contract continues to operate in connection with settlements under this act, and we must be careful not to put in the act anything that might invalidate proceedings because of interference with provincial rights in that regard.

Mr. PERLEY: What will be the position of the farmer if he finds himself unable to carry out the arrangement made prior to the coming into effect of this act? He has been unable to make the payments under the former arrangement; he is in default through no fault of his own. Will he have to have a new proposal formulated, or can he get an extension of time?

Mr. DUNNING: He cannot be put into bankruptcy. It is clear that if the farmer is unable to carry out the arrangement through circumstances over which he has no control, this section does not apply. The court would not put that farmer into bankruptcy and thus have him revert to the condition he was in prior to the issue of the original order of the board of review. As I stated on a former occasion, there is not and cannot be provision for rehearing. If we were to open that subject again I know what would happen. It would be just what has happened on previous occasions; those who wish to have a better deal for the creditors will insist upon some right of appeal from the decisions of the board, from the creditors' point of view. I am afraid that if we provided for appeals or rehearings the value of this legislation would be lost in a tangle of legal proceedings. So it is not proposed to change that part of the statute; there is no intention to create a right of appeal either way. We believe that in that regard the legislation has worked as well as can be expected, having regard to the difficulties always attendant upon legislation of this kind.

Mr. PERLEY: Do we understand then that it would be within the competence of the board to grant an extension of time without having an appeal made by either creditor or debtor?

Mr. DUNNING: It is not within the competence of the board, but it is within the competence of the court.

Mr. PERLEY: The farmer would then be considered in default?

Mr. DUNNING: No, the creditor must go to court to put him in default.

Mr. SENN: If the farmer through no fault of his own is unable to meet his obligations, is there no time limit after which the creditor can step in and claim his right? Or will that state of affairs continue indefinitely?

Mr. DUNNING: It is wholly a matter for the provincial courts, under the law. The creditor can go to court at any time and seek to demonstrate that the farmer is not meeting his obligation although able to do so.

Mr. SENN: But in case he is not able to do so?

Mr. DUNNING: That is a matter of adjudication by the judge in each particular case.

Mr. SENN: If the judge decides that the farmer is not to blame, and is unable to meet his obligation, can the creditor at no time in the future get the right to press his claim?

Mr. DUNNING: In any event, if there were no Farmers' Creditors Arrangement Act at all under provincial contract law the creditor

would have to take court proceedings. He is in exactly the same position in that regard with respect to the carrying out of the terms of any order of the board. His position is not changed; the law of contract regulates that.

Mr. TUCKER: One point not to be lost sight of is the avoiding of expense as much as possible. As the wording now stands the first step would be to get an order of the board annulling the composition. That annulment would constitute an act of bankruptcy, and there would then have to be a subsequent application to throw the debtor into bankruptcy—in other words, two separate applications. In the past the practice has been to include both in the one application, for annulment of the composition and the declaration of bankruptcy. As it is worded here there would have to be two separate applications. Has that been considered?

Mr. DUNNING: It is difficult to get over that situation. In practice I think there would be no second application, because the object of the creditor in most cases would not be to put the farmer into bankruptcy but rather to put him back in the position he occupied in relation to his creditors prior to the order. That could be accomplished on the first application. Creditors generally have not found it to their advantage to put farmers into bankruptcy in the ordinary sense of the term. Only in very rare cases would a second application bringing into effect the ordinary provisions of the Bankruptcy Act be required. But in any case on application to the court the dishonest farmer could be put back into the position he occupied before the board of review made its order.

Mr. TUCKER: I do not think the minister got the point of my first question. If an order is made that someone is to pay a certain sum of money, say $100, in instalments of $20 a year, and the payments are not made, would it be necessary to have the composition annulled before the creditor could sue for the instalments? I take it the minister is under the impression that he would have to have that composition annulled before he could sue.

Mr. DUNNING: No, I am sorry if I gave that impression. The annulment rests not upon the farmer's inability to pay but upon his honesty in the matter. With respect to the question of suit for the instalments, that is a matter coming under the provincial law of contract, which differs in different provinces. In this legislation we do not interfere with whatever may be the rights of the creditor under provincial law with respect to contracts.

Mr. STEWART: The minister made a statement as to the law, concerning which I think there may be some question. This act is based upon the insolvency of the farmer. Once he comes under this act on the basis of insolvency, I am inclined to think that the remedies provided by this act are all that are available to the creditor. When a compromise has been effected and an order made providing for payment of instalments over a period of months or years I do not think the creditor can use that order as the basis of an action on contract. It seems to me it must rest for its strength and for any remedies for failure to comply with it upon the provisions found within the four corners of this act; so that if there is default I doubt whether there is an action in the civil court on the terms of the order or compromise. But that is not the objection I rose to point out to the minister.

Mr. DUNNING: Will my friend permit me to deal with that point first? —because I am under the disadvantage of not being a lawyer although attempting to deal with a complex legal matter.

Mr. CAHAN: The minister is well on the way to becoming a very successful advocate.

Mr. DUNNING: Thank you. I am advised, with respect to the point now under discussion, that in the various provinces there have been many decisions, all of which, although arriving at the conclusion by different roads, concluded that the order of the board does constitute a new contract and is enforceable under the ordinary law of contract prevailing in the province. Experience has shown that, and the Department of Justice takes the same view. Therefore I think my answer to the hon. member for Rosthern is a correct one, substantiated by legal decisions, that in so far as the order of the board of review is concerned, that order is enforceable in the ordinary way under the law of contract prevailing in the province, because it is held to be a new contract; but that if the creditor deems the debtor dishonest, then under the provisions of the amendment now proposed he may still avail himself of these remedies.

Mr. STEWART: As I have said, that is not the point I rose to bring up in connection with this section. I still think it is not a matter of contract; it is an order, and the order stands for what it is worth, which after all I think is very little in most cases.

The objection I wish to urge to this section is in connection with the procedure outlined here. I submit, Mr. Chairman, that it is entirely inconsistent with the procedure that has been laid down in other sections of the act.

Let us see just what is the scheme under this act. A farmer finds himself in financial difficulty, insolvent. He initiates the proceedings; he files a notice and a proposition and all that sort of thing. The proceedings are taken for his benefit and at his instance; an order is made or a compromise is arrived at, which again is for his benefit and to his satisfaction. The hands of the creditors are tied. They cannot move. The farmer goes along and falls into default; he does not carry out his own proposition, or the scheme that has been adopted. Then I submit that the ordinary, regular and fair procedure would be for that farmer to come back to the court and make application for further indulgence, for an extension of time or some modification of the plan, and show that his failure to carry it out has not been his fault. Under this section the procedure is the opposite. The unfortunate creditor whose hands have been tied is the one who must come to the court. He, forsooth, must launch an application; he must take the burden of the proceedings, not because of any default on his part or because of any failure by him to comply with the order of the court. He has to launch these proceedings because somebody else, the farmer, has failed.

Just look at what he has to prove. He goes to the court and makes his application. I do not know just what will be the procedure; I suppose that will be defined in the rules and regulations. Probably he will have to draw up a notice of motion to serve on the farmer to attend at a certain time and place to show cause why something should not be done against him. Well, the creditor has to go to this expense and take this trouble. He is without knowledge; he is working in the dark. All he knows is that there has been default and that he is not getting what the court ordered him to get. So he has launched these proceedings and served notice on the farmer to come to court. We will say the farmer does not attend the court at all and the judge says, "You have to prove to me that this default is due to something within the control of the farmer." How are you going to prove that? The farmer has not come; he has defaulted again and the judge cannot move because he has no proof. Will he issue a subpoena or summons to bring the farmer to court?

Mr. DUNNING: What does a judge usually do when there is default in appearance?

Mr. STEWART: If he has specific authority to do certain things then he may do them. In the ordinary case of default of appearance, say in an action on a promissory note, the plaintiff will be able to swear of his own knowledge that the debt has not been paid and that the farmer is indebted to him; but in this case in order to succeed the creditor would have to prove that the default—

Mr. DUNNING: He would have to prove that the farmer was able to pay and did not pay.

Mr. STEWART: He would have to prove that the farmer was in default deliberately, that he was able to do something; and he would have to prove it, which would be something entirely beyond his knowledge. You are putting upon him an onus, under this section, that I submit should be upon the farmer, the man for whose benefit all these proceedings are devised, the man who gets the benefit of this legislation. Here you reverse the whole procedure and place upon the creditor the burden of getting what the court has said was his right. You are really putting the cart before the horse. I submit that the whole procedure is wrong; it is contrary to the principles of the act itself and contrary to justice. It is not fair. This section should be redrafted in such a way that the farmer, who is in default on his own proposition, is the one who must come to the court and get some readjustment or rearrangement. He should have to discharge the onus of proving what might be fair and equitable and just. Here the whole procedure is reversed, and this adds another objection to this act which I submit is worthy of consideration. I see many added difficulties, obstacles and delays in the way of a creditor getting his rights under this act. As I have said, I think this clause is drafted the wrong way about. The procedure should be quite the opposite to that laid down under this section.

Then as to subsection 2, the proposition is that he may be thrown into bankruptcy. I do not propose to deal with that just now, but if the creditor goes through all this procedure then the farmer is right back where he was before. The extension or compromise or scheme is set aside; the farmer is back where he started, and in addition to any other remedy the creditor might have, he must start all over again. This is the third round for him. The farmer has brought him in the first time. The creditor has had to bring the farmer in the second time, and now he has to start all over again. I do submit to the minister that this is putting too many obstacles in the way of the creditor. It is making it too difficult and it is increasing the hardships already manifest in the operation and administration of this act. It adds to the long delays that are

inherent in the act as drafted. In my opinion it simply encourages the dilatory man to go along and default in his arrangement or compromise in the scheme set out for him and see how long he can get away with it, how long it will be before some creditor will go through this procedure of bringing him before a judge. The onus of proof is on the creditor. It seems to me that is an unreasonable provision. I contend that in this extension we are providing another strong argument for the repeal of this act as soon as possible, at least in Ontario. I am sure the operation of this act under these expanded and amended provisions will create a deep sense of injustice. They will cause delays and add expense to the proceedings. I submit that the section has been drafted on the wrong basis.

Mr. DUNNING: The remarks of the hon. member for Leeds (Mr. Stewart) illustrate better than anything else the difficulty of dealing with this kind of legislation. As a matter of fact the complaints with respect to the section in the original act which this amendment is proposed to replace came entirely from creditors. The draft now before the committee appeared first in votes and proceedings and later in the reprinted bill. Because of its appearance in the reprinted bill it became public and I have received from creditors nothing but commendation. I must confess that my hon. friend makes out a pretty good case that this proposed amendment would cause further injustice to creditors. I believe he used an expression of that kind. If that is the view of the committee I am quite prepared to drop this amendment.

It is a sincere effort to meet complaints received from creditors generally regarding the operation of the present subsection 3 of section 2. This amendment was designed to provide effective machinery for dealing with the dishonest farmer. There is not an hon. member who wants to protect the dishonest farmer, but every one of us wants to see the honest farmer who is paying according to his ability get as fair a chance as possible under the legislation, subject to judicial decision as to the circumstances of the particular case. I repeat what I said yesterday that we in the house cannot undertake to make judicial decisions with respect to particular cases; we can only put in the law such provisions as enable a judge, taking into account all the circumstances, to render a decision fair to both parties in the case.

The power proposed to be granted by this amendment will be in addition to such remedies as the creditor would have normally under provincial legislation, to enable him to bring the dishonest debtor into court and to get from the court a decision that by reason of the dishonesty of the debtor, the debtor should be put back in the position he occupied before the order of the board of review was issued. I am in the hands of the committee and I should like to have a full discussion on the matter. As far as the government is concerned we are not insisting on this amendment, but we believe it to be fair having regard to all the circumstances.

Mr. STEWART: If a compromise, an arrangement or a composition is not carried out, all the creditor has to do is go to a judge and get permission to proceed.

Mr. DUNNING: That will be found in subsection 3 of section 2.

Mr. STEWART: That power is there already.

Mr. DUNNING: My hon. friend missed the point. The creditors claim that the power there now is not good and that the power proposed by the amendment is good. My hon. friend takes the opposite position. He says that the remedy in the present law is good while that proposed in the amendment is not good.

Mr. STEWART: I did not say that. I say that he has a remedy now and that this appears to be an alternative.

Mr. DUNNING: Not an alternative, an additional right. The present remedy reads:

> In any case where the affairs of a farmer have been arranged by a proposal approved by the court or confirmed by the board as hereinafter provided, part I of the Bankruptcy Act shall notwithstanding section seven thereof thereafter apply to such farmer but only failure on the part of such farmer to carry out any of the terms of the proposal shall be deemed to be an act of bankruptcy. Provided that such failure shall not be deemed an act of bankruptcy if, in the opinion of the court, such act was due to causes beyond the control of such farmer.

As a layman, that appeared to me to be fairly clear but lawyers and creditors tell me that it has been virtually impossible to get a decision under that section, particularly in some provinces. In certain provinces decisions such as are contemplated by the amended section have been rendered, but in many provinces the complaint has been that no decision could be obtained favourable to a creditor in the case of a dishonest farmer. My hon. friend as a lawyer can read the two sections side by side. He can read, as I have, the judicial decisions both ways, and

I think he will agree that at least some clarification is required in order to have some uniformity in the decisions.

Mr. STEWART: I think the minister has missed my point to a certain extent. My contention is that where a farmer who has an extension or a compromise fails to carry it out, then the creditor ought to have his rights restored and be placed in the position of being able to proceed as if the order had not been made.

Mr. DUNNING: Automatically?

Mr. STEWART: Or on application to the court. The farmer should know whether he wishes an extension and whether he expects to be able to carry out its provisions. If he does not go to the court and get an extension, then the creditor has the right to proceed. His rights are revived and reinstated because of the default. Under this proceeding, the onus is put upon the creditor and I contend that that is an undue onus. I am simply contending that the creditor should have certain rights and if the farmer wishes to postpone the granting of those rights, it should be up to him to make further application.

Mr. DUNNING: The law as it now stands places the onus on the creditor. The creditor must go to court in order to demonstrate that part I of the Bankruptcy Act—

Mr. STEWART: All he has to do is demonstrate that there has been default.

Mr. DUNNING: He has to demonstrate something else; he has to demonstrate that the default is due to causes beyond the control of the farmer. Let me read the existing section in part:

> . . . provided, part I of the Bankruptcy Act shall notwithstanding section seven thereof thereafter apply to such farmer but only failure on the part of such farmer to carry out any of the terms of the proposal shall be deemed to be an act of bankruptcy. Provided that such failure shall not be deemed an act of bankruptcy if, in the opinion of the court, such act was due to causes beyond the control of such farmer.

Therefore the creditor to-day must initiate proceedings and take the farmer into court in order to prove that the failure to carry out the terms of the compromise was due to causes within the farmer's control.

Mr. STEWART: If he wishes to take him into bankruptcy, he may do so. But he does not wish to take him into bankruptcy— That is the last thing he wishes to do—and he should be at liberty to proceed for recovery in his own way.

[Mr. Dunning.]

Mr. DUNNING: He must do it in accordance with the provincial law of contract.

Mr. STEWART: No, not in bankruptcy.

Mr. GLEN: I hope my hon. friend from Leeds (Mr. Stewart) is not correct in his contention, because this clause in the bill was inserted, as I thought, because of the argument I made in the discussion of the 18th of March. If my hon. friend is right in saying this is not what I want, then I do not know what I want. What I want is an additional remedy for the creditor in the case of a dishonest debtor. I know that the board of review in Manitoba take this position, that they have made a new contract following the old contract on which the application was made, and that that new contract is subject to the provincial law, and in the case of default in carrying out the terms of the order of the board of review the creditor has the remedy of going to court and taking foreclosure proceedings, depending on the state of his security. In addition to that, the courts have held that the rules do not apply so far as the proposal before the board of review is concerned, after the order has been made, and the creditor is left in the air; he has no remedy at all. But this new section gives the creditor an additional right to what he already has under the provincial law. It gives him an opportunity in an inexpensive way to make an application to the court, which in Manitoba is the county court; the creditor can apply to the county court for cancellation of the proposal. If he has to take foreclosure action on the board of review's order all he has to prove is default, and the farmer in defence would have to show that the default was caused not by his own act but by causes beyond his control. That is exactly the position we are in to-day. But this gives the additional remedy not of taking foreclosure proceedings but of going to the ordinary county court and there making a demand for cancellation because of the dishonesty of the farmer debtor.

I hope my learned and hon. friend will see that this provision should not be taken out. It is a serious matter in Manitoba, and I am quite sure in Ontario, and we want this remedy as against the dishonest debtor. In the case where cancellation takes place it means that you go back to the original debt and the order of the board of review reducing the value of the land, and the farmer debtor will then be in the position he was in before.

Mr. STEWART: I think that ought to take place automatically where the farmer makes default unless he himself institutes proceedings and gets an extension. That is what I am contending for.

Mr. ROBICHAUD: While I would not wish to see the section dropped, I am inclined to agree with the member for Leeds (Mr. Stewart) that the onus should not be put on the creditor to show that the farmer defaulted through his own fault. I think the onus should be on the man who is looking for the favour. If you added a few words or changed the phraseology of one line I think it would meet the situation. I suggest that after the word "aforesaid" in line 4 the words be inserted, "unless the farmer satisfies the board that such default was due to causes beyond his control." Instead of putting it negatively, put it affirmatively, so that unless the farmer can satisfy the court that such default was due to causes beyond his control, the court may annul.

Mr. LAWSON: Sometimes when too many lawyers get into a discussion it is said that it creates confusion worse confounded, but in view of the remarks of the minister as to the meaning of the present law on the statute book, and at the risk of creating further confusion, I should like to point out what I conceive to be the difference and what I think is the issue now, if I may so describe it, between the hon. member for Leeds and the Minister of Finance.

In the present act, as I understand it as read by the minister, because of the phraseology of the section the onus is upon the creditor.

Mr. DUNNING: At the present time?

Mr. LAWSON: Not at the present time. Because of the way this new section is phrased, I think it does impose that onus upon the applicant, who of necessity under this section must be the creditor.

Mr. DUNNING: If my hon. friend will permit me, the complaint of creditors to-day is that that is just the position the present section puts them in, and they have had from various judges in the provinces ample warrant for that statement.

Mr. LAWSON: If that be so, this section puts them in that position much more strongly. Let me point out why. If the minister will observe the section, there are two conditions which must exist in order that the court may set aside the composition previously made, and those two conditions as they are phrased in this section are what we call in law conditions precedent.

Mr. DUNNING: In the amending section?

Mr. LAWSON: In the amending section. The first is, "if the farmer defaults in carrying out any of the terms of the composition, extension or scheme aforesaid." That is condition precedent number one. Condition precedent number two is, "if such default was not due to causes beyond the control of the farmer." Now where you frame legislation so that you have conditions precedent to the court doing something, then the onus is upon the applicant to satisfy those conditions precedent before the court may exercise its discretion. That is, I think, what is creating the difficulty. The views expressed by the hon. member for Leeds and Kent, N,B,, might be met if you would remove the second clause of the conditions precedent and put it in after the discretionary power of the court, so that the section would read: "if the farmer defaults in carrying out any of the terms of the composition, extension or scheme aforesaid, the court may, on the application of any secured or unsecured creditor, annul unless it is proven to the satisfaction of the court that the default was not due to causes beyond the control of the farmer." I think that would accomplish the purpose the minister has in mind.

Mr. ROBICHAUD: If the minister would adopt my suggestion I think it would be much simpler. It would then read this way:

Notwithstanding any of the provisions of the Bankruptcy Act, in any case where the affairs of a farmer have been arranged by means of a proposal for a composition, extension of time or scheme of arrangement approved by the board or confirmed by the board as in this act provided, if the farmer defaults in carrying out any of the terms of the composition, extension or scheme aforesaid, unless he—

The farmer,

—satisfies the court that such default was due to causes beyond his control, the court may, on the application of any secured or unsecured creditors—

Do so and so. The onus is on him to prove then that his default was due to causes beyond his control.

Mr. DUNNING: It is said that in the multitude of counsellors there is wisdom, but I am inclined to doubt it. The creditors very evidently attached importance to the feature of the proposed amendment which involves what is not existent in the present law, and that is that the debtor, under the amendment, reverts to the position he occupied prior to the making of any board order. From the creditor point of view it is believed that that constitutes a most salutary check on dishonesty on the part of debtors,—

Mr. LAWSON: I think we all agree.

Mr. DUNNING:—the knowledge that the remedy here proposed—not in the present law, remember—constitutes an important change, that if the debtor is dishonest under the composition which has been made in his favour by the board of review the penalty may be, in the judgment of the court of course, that his indebtedness to his creditor shall be restored to the position which it occupied before any board order was made. Again I say to those who are anxious with respect to the reasonable rights of creditors that this amendment as drafted has had without exception the approval of all those who correspond with me endlessly on behalf of the creditors. They believe it to be a sound provision and an improvement on the present law; indeed I would hate to tell members of the committee the opinions expressed of the judicial decisions which have been rendered in various parts of Canada with respect to the present subsection 3 of section 2 of the law which governs this matter. Everyone expresses satisfaction with the intention and with the additional remedy provided. Speaking as a farmer and not now as a quasi-lawyer, I believe that the creditors are right in thinking that the additional remedy of saying to a farmer, "Now, if you don't live up to the terms of your composition—"

Mr. CAHAN: But no one has opposed that. I have listened to the discussion very carefully.

Mr. DUNNING: Everybody is in favour of that?

Mr. LAWSON: Oh, yes.

Mr. CAHAN: I think the minister misunderstands the contention of the hon. member for Kent, N.B. (Mr. Robichaud) which strikes me as a very proper suggestion at least for consideration. He is not objecting to the views which the minister has expressed as to the remedies which result from default, but he is suggesting that as a matter of evidence it may easily be proved that the farmer is in default, that can be proved by the creditor; but it is more difficult for the creditor to prove that the default was beyond the control of the farmer.

Mr. DUNNING: Well, he will not be interested in proving that, but in proving the opposite.

Mr. CAHAN: All that the hon. member for Kent is suggesting is that that subsection should be so worded as to leave the proof of default upon the creditor, but to place upon the farmer the burden of proof that his default is due to causes beyond his control. That is the gist of the whole discussion. I feel that the suggestion of the hon. member for Kent is well worthy of consideration by the minister and his legal advisers.

Mr. DUNNING: I must say that the hon. member for St. Lawrence-St. George has succeeded in penetrating my head with the idea much more effectively than have those associated with him. That is due perhaps to my dulness.

Mr. LAWSON: No, to his lucidity.

Mr. DUNNING: Can we consider that the interpretation of the suggestion as given by the hon. member for St. Lawrence-St. George is assented to by the hon. member for Kent and the hon. member for Leeds? Are we all agreed?

Mr. STEWART: That is what we have been trying to get all the time.

Mr. TUCKER: I must say that I do not agree. One point is being overlooked. The minister says that the farmer reverts to the position in which he was in before he made the application; but he reverts to a much worse position, because then he can be thrown into bankruptcy, whereas under the Bankruptcy Act as it stands at present the farmer cannot be thrown into bankruptcy. This parliament, when it passed this act said that if a person took advantage of the act and did not carry out, due to his own fault, the obligation placed upon him by the order of the board of review, he could be thrown into bankruptcy, whereas before that could not be done and when it did this it tried to protect the farmer and hedged that right of his creditors around with a great deal of precaution that farmers would not be thrown into bankruptcy on a wholesale scale. That, I think, is the point which is being overlooked, and that is why this was drafted so carefully.

Mr. LAWSON: The hon. member for Rosthern is discussing the next subsection of the bill, subsection 2. We are dealing with the point under subsection 1 of 10A. I suggest to my hon. friend, so that the discussion may not be more confusing, that he wait till we get to that subsection and then deal with the point he is raising.

Mr. ROBICHAUD: I am satisfied that my suggested amendment meets the point absolutely. We will start from the third line on page 4:

. . . if the farmer defaults in carrying out any of the terms of the composition . . .

Leaving out the rest.

. . . unless he satisfies the court that such default was due—

Take out the word "not."

—to causes beyond his control, the court may annul—

And so on. So the burden is thrown upon him to satisfy the court that his default was due to causes beyond his control, and not on the creditor to show that his default was not due to causes beyond his control. That meets the point. In the fifth line, instead of "such default was not due to causes," after the word "aforesaid" I would have it:

—unless the farmer satisfies the court that such default was due to causes beyond his control, the court may annul . . .

And so on.

Mr. CLEAVER: I should like to support the contention advanced by the hon. member for Rosthern. As I read this amending section, it grants to the creditor an extraordinary remedy. Under a certain set of circumstances and in the event of certain proofs being made to the court, the creditor and the debtor are reinstated in their original positions. In many cases the penalty would be a very severe one. Under these circumstances is it fair to put on the debtor the onus of virtually proving that he is not a criminal?

Mr. STEWART: Not a "criminal."

Mr. CLEAVER: That he has not committed an act of bankruptcy? As I read the amending section as it is now, if the creditor wants to penalize the debtor to the extent of this extraordinary remedy of making the debtor liable for the original indebtedness, the creditor must have some evidence to substantiate that, and the onus is on him. I am entirely in support of the section as drafted.

Mr. STEWART: The creditor is not asking for any extraordinary remedy. All he is asking is that this farmer pay what he was ordered to pay or what he agreed to pay, and if he is in default let the onus be upon him to show why he should be allowed to go on indefinitely in default. All the creditor is asking is that the man carry out the terms of his compromise or scheme approved by the court. There is no extraordinary remedy in that; he is asking for his own plain, ordinary rights, which the court granted him, and when he is not getting them the onus should be on the party in default to show why.

Mr. ROBICHAUD: As a matter of fact the onus will be on the farmer. If the creditor takes him to court the farmer will have to prove that his default was due to causes beyond his control.

Mr. DUNNING: That is what I understand will happen.

Mr. ROBICHAUD: Why not bring the legal proceedings in line with the facts? There will not be any hardship on the farmer; he will have to prove in any case that the default is due to causes beyond his control. He is the only one who knows the causes of the default and the court will no doubt ask him to show that those causes were beyond his control.

Mr. DUNNING: Having got clear what the suggestion is, I am prepared to debate the principle, and to debate it rather upon the practical issues just stated by my hon. friend from Kent. As a practical matter do we not all know perfectly well that if a creditor believes his debtor to be dishonestly evading the obligation created by the board's order, that creditor will proceed to take the debtor into court and endeavour to prove, out of the debtor's own mouth, what the conditions were that caused the default? That will be the practical way in which it will work.

Mr. LAWSON: How will he make the debtor a witness? You cannot call a man against his own interest.

Mr. DUNNING: Really, I have a great deal of sympathy with Jack Cade. Let me take the other side of the case. We must not put in the hands of the creditor such a weapon as will enable him unduly to harass an honest debtor. If we reach the place, as the result of accepting suggestions that would involve that any creditor, in the case of any default on the part of his debtor in fulfilling the terms of the order of the board, could say, "I will haul you all into the court, fifty or a hundred of you, and it is up to you to prove that you are honest in default"—

Some hon. MEMBERS: No.

Mr. STEWART: He proves that the debtor is in default; that is all.

Mr. DUNNING: It seems to me that in the provinces in which this act is most needed, to grant to the creditors this additional right beyond what was contemplated in the original statute, and to couple with it the provision that in order to avail themselves of that right of setting aside the whole order they must prove that the debtor was dishonest, is not an unreasonable provision. If they are to have on the one hand the right of putting the farmer in bankruptcy, which ordinarily they would not have under the bankruptcy law, and in addition to that the right to have the debt reinstated to the

amount and under the conditions which existed prior to the board's order, then I say it is not too much to ask the creditor under these conditions to prove that his debtor is dishonest. That is a matter of principle.

Mr. LAWSON: Once you put it on the basis on which the Minister of Finance has now put it, it becomes a matter of opinion, and I have no wish to quarrel with anyone as to what the principle should be on which you should proceed. When I was on my feet before I was dealing with the question, what the section meant as it stood. If you want it to mean what the minister indicates, then leave it as it stands. As I know from experience, however, the minister is broad in his reasoning with respect to these matters. May I point out to him that if the section were changed as suggested, so that once the debtor was in default he would have to satisfy the court that it was through causes beyond his control, there would not be introduced any innovation into the principles of our law generally. In the long run, despite the quips that are frequently made, in ninety-nine per cent of all cases law is common sense. One very well-established fundamental principle of British law is that though the onus of proving anything is generally upon the applicant or the plaintiff, or upon him who asserts, nevertheless, there is a well-defined exception, namely, where the thing is peculiarly within the knowledge of the respondent or the defendant. Let me give a simple illustration. Let me assume that as the Minister of Finance walks out of this building to-night, a stone falls from the top of the building and strikes him on the head or on the shoulders, and he survives. Under the ordinary principles of law, in order to recover against the owner of the building, he would have to show that that stone fell by reason of the negligence of somebody, in other words, that somebody did that which he ought not to have done, or failed to do that which he ought to have done, and that the person so negligent was an employee or the owner of the building. In the very case that I have cited, however, the law makes an exception. It says: No; it is not reasonably possible for the injured person to know why the stone fell upon him. If a stone falls off a building which a man owns and keeps, it is within his peculiar knowledge what the conditions are, and so the law in that case puts upon the defendant or the respondent the onus of satisfying the court or the judge or jury, as the case may be, that he was not responsible. I have merely tried to illustrate the principle which I say this section ignores.

[Mr. Dunning.]

Having done that, I say that if the minister and the government still feel that the onus should be on the creditor—because it is their legislation—and despite the fact that the creditor is not in a position to know or easily to find out whether or not the debtor is in default by reason of dishonest motive or in consequence of causes beyond his control, then, of course, I have nothing further to say.

Mr. TUCKER: If the suggestion contended for is given effect to, this will be the situation. Farmers in Saskatchewan are in default of payments owing to certain companies at the present time under proposals confirmed by the board of review. All such companies would have to do would be to prove that the farmer was in default, and unless he at once hired a lawyer and went to court to prove that the default was due to causes beyond his control, he would be subject to an order throwing him into bankruptcy as a matter of course. Hon. members are contending that the onus should be upon him to prove that the default was beyond his control. Surely that should not be the intention. In regard to the suggestion of the last speaker, a great many bankruptcy offences are mostly within the sole knowledge of the person whom it is sought to throw into bankruptcy: for example, trading after he knew he was insolvent. That is proved out of his own mouth by examining the insolvent for discovery. So when we give to creditors the right to throw into bankruptcy farmers who otherwise could not be thrown into bankruptcy, there should be some protection given to them. When the farmer is in such a condition as to be unable to pay his debts he should not be required to travel long distances and hire a lawyer to prevent his being thrown into bankruptcy.

I uphold the Minister of Finance in his attitude on this point, but I have enough sympathy for creditors in these times to think that they should not be required to make any more applications than are necessary.

Mr. BOTHWELL: Does the hon. member not think it is proper that if the farmer has entered into a composition that he arranged himself, and then defaults on it, the onus should be on him to show why he is in default?

Mr. TUCKER: Most of these orders, at any rate in Saskatchewan, were applied for by farmers seeking such relief as they could get. They came before the first board of review, which apparently had doubts about the validity of the act, and so did not go nearly as

far as the present board in cutting down debts, and orders were made which everyone knows now cannot be carried out. Farmers took advantage of that remedial legislation to get as much relief as they could under that law provided for their benefit. But everyone knows that they cannot carry out the orders made. Under the amendment proposed by some hon. members they will be thrown into bankruptcy unless they can go where the court sits and hire a lawyer to prove that the default is beyond their control. I suggest that if the creditor wants to throw the farmer into bankruptcy, which apart from these special provisions he has no right to do, the onus should be on him to prove the essential points, just as, if he wanted to throw a trader into bankruptcy, he must prove the act of bankruptcy. If a bankruptcy order is sought against a trader by reason of his having traded after he became insolvent there would have to be proof of the offence. The trader is not required to prove that he was solvent all the time he was trading. The creditor must prove his case before he can get an order. In the case of the farmer it was carefully provided in the Bankruptcy Act that he could not be put into bankruptcy, no matter how much he owed or how wrongly he acted.

Mr. STEWART: Can he not go into bankruptcy?

Mr. TUCKER: He can do so voluntarily, but he cannot be thrown into bankruptcy. What we are asked to do here is to say that if a farmer takes advantage of an act for the adjustment of his debts and then cannot carry out the arrangement he shall be thrown into bankruptcy unless he can prove that it was not his fault. That I say is giving to creditors a right which the act never intended them to have.

As the hon. member for Leeds pointed out, the creditor is forced, in the amendment actually before us, to take it in two stages: first to apply for an order annulling the composition, which order would constitute an act of bankruptcy, and then to apply for the bankruptcy order. In order to avoid the necessity of this second application I would suggest that something be added at the end of subsection 2 providing that the court, having found the creditor to have proved his case and having made such order of annulment, might thereupon declare the farmer bankrupt, so preventing the necessity for a second application.

Mr. ROBICHAUD: I think the hon. member for Rosthern forgets that the words "on the application of any secured or unsecured creditor" are still in the section. We are not taking them out. Application will have to be made by the creditor. But there is no doubt that in practice the debtor will have to prove that his default is due to causes beyond his control, so it is not shifting the burden at all. The suggested amendment is simply putting the section in line with what will actually take place. The creditor will still have to start the ball rolling, and the debtor will have to come to court and defend himself, whether or not he has a lawyer.

Mr. BOTHWELL: It seems to me that the cases to which the hon. member for Rosthern referred, decided some years ago in Saskatchewan, can be reconsidered under subsection 2 of section 1. I do not think we have reached the stage where we have to absolve the debtor from every responsibility and place the onus always on the creditor. The case presupposed by the section we are dealing with is that of a man who has received some kind of composition and has defaulted on it. Surely he has then come to the stage where he should have to explain why he defaulted; the onus should be on him. If he has to make a new application he does so under subsection 2 of section 1. But if he comes to the stage dealt with in section 8, surely the onus should be on the debtor.

Mr. TUCKER: How can he make a second application?

Mr. DOUGLAS (Weyburn): I am in favour of leaving this amendment as it is. It should be viewed in the light of actual happenings, and the happenings in the province from which I come are these. The great majority of the farmers who have had a composition are in default, by reason of having had a succession of crop failures. These defaulters fall into two classes; those unable to fulfil the terms, and those unwilling to do so. The Minister of Finance was very clear both last night and to-day in pointing out that the object of this amendment is to reach the people who were dishonestly refusing to pay when in a position to do so. I think the latter class will be admitted to be by far the minority of the debtors. Now the amendment clearly places upon the creditor the onus for initiating proceedings to annul the composition. It says that either a secured or unsecured creditor can initiate proceedings to annul the composition. Any creditor who would initiate such proceedings must have

some reason to believe that the debtor is dishonest, that he is able to pay but unwilling to do so. Otherwise he would not initiate the proceedings, and if he has such knowledge or information he is the person who should be obliged to prove that. Otherwise you are going to assume that this large mass of debtors who, because of climatic conditions, have not been able to meet their obligations and fulfil the terms of their new contracts, are dishonest; that all are unwilling to carry out their contracts until they can prove that they are unable to do so. In other words you are going to assume that they are guilty until they prove themselves innocent. Surely if this section is going to place the responsibility upon the creditor for initiating annulment proceedings it ought to place on the same creditor responsibility for proving the unwillingness of the farmer to pay. I think this is by far the most logical approach to the matter. In the original act, as it now stands, the onus was not placed upon the farmer.

Some hon. MEMBERS: Yes, it was.

Mr. DOUGLAS (Weyburn): Subsection 3 of section 2 of the original act states:

> Provided that such failure shall not be deemed an act of bankruptcy if, in the opinion of the court, such act was due to causes beyond the control of such farmer.

The onus was not placed upon the farmer to prove that the conditions were beyond his control.

Mr. ANDERSON: The court has not knowledge of its own; it can only act on evidence, and that evidence has to be supplied by the farmer.

Mr. DOUGLAS (Weyburn): It will have to be supplied by the farmer under this section. The act now says:

> In any case where the affairs of a farmer have been arranged by a proposal approved by the court or confirmed by the board as hereinafter provided, part I of the Bankruptcy Act shall notwithstanding section 7 thereof thereafter apply to such farmer but only failure on the part of such farmer to carry out any of the terms of the proposal shall be deemed to be an act of bankruptcy. Provided that such failure shall not be deemed an act of bankruptcy if, in the opinion of the court, such act was due to causes beyond the control of such farmer.

Mr. LAWSON: That puts the onus on the farmer.

Mr. DOUGLAS (Weyburn): It does not place the onus directly on the farmer.

Mr. LAWSON: It places it upon him, whether directly or indirectly.

[Mr. Douglas.]

Mr. DOUGLAS (Weyburn): I submit that the amendment now proposed will place the same responsibility upon the farmer.

Mr. LAWSON: No, because, unfortunately, under the present section you set up a condition precedent before the farmer may be called upon to open his mouth. That condition is that he be in default through causes which are not beyond his control. That is your difficulty.

Mr. DOUGLAS (Weyburn): But I maintain that if you are going to place the responsibility upon the creditor class for initiating these proceedings, they must have some reason for doing so, and therefore the onus should be upon them.

Mr. STEWART: The only reason the average creditor would have for taking any action would be that he had an order or agreement providing for the payment of money, and he was not getting it.

Mr. ROBICHAUD: I do not wish to continue this discussion unduly, because it is more or less immaterial to me how the bill passses; but, as I see it, my suggested amendment would not change the principle of the section one iota. It would simply redraft the section to bring it to conform with legal practice, I think.

Mr. DUNNING: I indicated earlier in the proceedings that I was more or less in the hands of the committee with respect to this section amending the present provisions of the act. Certainly I have reached a definite conclusion in my own mind, and it is that I would be far better to take the opinion of the creditors outside of this house than to take the opinion of those in this house who are endeavouring to stand by the normal, reasonable rights of creditors. This amending bill has been on the order paper for a very long time. The reprinted bill has been available for two or three weeks, in any event, and I am quite sure that most of the lawyers representing large creditors have obtained copies of it. I have had communications about it from creditors, and without exception they say this is a great improvement, and satisfaction has been expressed.

Frankly I anticipated criticism of this amendment from the other point of view. I anticipated that I would be accused of providing remedies for creditors which did not exist under the present law, and in fact that is the case. A remedy for the creditor is provided in the case of a dishonest debtor, but only in such case. I am willing to have a free vote of the committee on the section. I think we

understand each other fairly well; I believe we understand the different points of view, and I stand by the section as it appears in the bill.

Section agreed to.

The CHAIRMAN: I would remind the committee that section 7 has not been passed.

Mr. DUNNING: Sections 7 and 8 refer to the same matter. One repeals a section and the other inserts something in place of it.

Section 7 agreed to.

Mr. TUCKER: I did not know that this was coming up last night and was not in the chamber when it did. I should like with the consent of the committee to ask the minister if there is not any possibility of softening his heart in regard to section 2, dealt with last night, in regard to the debts of farmers who have died. The date set out in section 2 is July 3, 1934. If that date could be put back to the beginning of the depression, say even to 1931, it would help a great deal. A great many people got into their difficulties in 1930, 1931, 1932 and 1933, and it seems to me that if a man died in 1933, and his people are trying to carry on, they should receive some consideration. I do not ask that it be put back for more than about three years; then it would take in a great many people in the west who have been affected by drought conditions. I imagine there would be more than a hundred people in Saskatchewan alone who would benefit if this date were put back about three years. I do not wish to take up further time on the matter if the committee's mind is made up, but it appeared to me that the date of the act coming into force was taken more or less without considering the matter as fully as desirable, and that no harm would be done if the date should be put back to, say, 1931.

The CHAIRMAN: I would point out that this section was carried last night.

Mr. TUCKER: I know; I asked the indulgence of the committee to mention the matter.

The CHAIRMAN: With the unanimous consent of the committee.

Mr. DUNNING: I understood that my hon. friend did not want to initiate a new debate on the matter but desired to place his views before the committee. I can only say that consideration was given to the point he mentions in setting the date. We must remember that we are dealing with legislation for the whole of Canada. The reversion now provided goes back in fact nearly four years. My hon. friend says it ought to go back seven years, that the estate of a man who died seven years ago should be put in this position. I am afraid that would be going too far. I gave a great deal of consideration to the matter, to the representations of the chairmen of the boards of review with respect to it and to those of representatives of farmers' organizations, and I am quite sure that in establishing the date as that of the coming into force of the original act I am meeting ninety per cent of the representations that have been made to me with respect to the matter. I say that by way of explanation.

Now, Mr. Chairman, I believe there is just the preamble to carry.

On the preamble.

Mr. STEWART: I should like to say just a word in regard to section 8, which inserts section 10A into the bill. In the third line on page 4 of the bill are the words "if the farmer defaults." The minister quite properly thought it necessary to amend a former section in connection with the use of the word "farmer," and under this amendment propositions might be made by persons other than farmers.

Mr. DUNNING: Applicants.

Mr. STEWART: I think a corresponding change should be made in this section.

Mr. DUNNING: If the debtor defaults.

Mr. STEWART: Exactly. I think that would widen it.

Mr. DUNNING: This illustrates how useful it is to have a lawyer on this committee. The suggestion is that the word "farmer" in the third line on page 4 be struck out and the word "debtor" be substituted therefor.

Mr. BOTHWELL: Would the minister be good enough to read the definition of "debtor" as given in the original act?

Mr. DUNNING: If we had only one lawyer we would be all right.

Mr. BOTHWELL: It seems to me that "farmer" is the correct word.

Mr. DUNNING: There is no definition of "debtor" in the act.

Mr. BOTHWELL: The word "farmer" has been used all through the act, and it presupposes that a man must be living on and farming the land before he is entitled to the benefits. It does not refer to the ordinary debtor as the public understands the word.

Mr. STEWART: We have extended the act to include executors, who were not provided for in the original act. Under a scheme of this kind there might be executors who were not farmers at all.

Mr. BOTHWELL: Would it not be better to use "farmer" or "personal representative?"

Mr. STEWART: Anything to widen the definition. "Personal representative" would be all right.

Mr. DUNNING: The word "farmer" occurs again in the same section. Having two legal advisers causes a little confusion.

Mr. DUFFUS: The remarks made by the hon. member for Swift Current bring to my mind a particular case of a gentleman in Ontario who owns many sections of land in Saskatchewan. For years this man has lived in Saskatchewan most of his time. Recently he has been going west in the spring at seeding time and again at harvest time. He has paid almost $100,000 in interest and taxes. Prior to 1930 he paid his interest and taxes in full. His case is now before a board of review, and some of his creditors are endeavouring to establish that he is not a farmer under the act. I think the committee should clearly establish his standing in that respect.

Mr. DUNNING: If that case is before a board of review I do not think this committee can be of any assistance in the matter. It is under consideration by a board in pursuance of the law, and I do not think we could render a judicial decision. After listening to the hon. member for Swift Current, I believe we had better leave the word "farmer" alone. The definition of a farmer is given as one who tills the soil.

Preamble agreed to.

Bill reported.

PELAGIC SEALING

PROVISION FOR SANCTIONS FOR VIOLATIONS OF NORTH PACIFIC SEALING CONVENTION

The house resumed, from Tuesday, April 26, consideration in committee of Bill No. 98, respecting the North Pacific Pelagic Sealing Convention—Mr. Michaud—Mr. Sanderson in the chair.

On section 8—Pelagic sealing by Indians.

Hon. J. E. MICHAUD (Minister of Fisheries): I should like to offer an amendment to this section, that the last words in the section "and shall be forfeited to His Majesty" be deleted and the words "and shall be liable to forfeiture to His Majesty as hereinafter provided" be substituted therefor.

Mr. HOWE: I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Sections 9 and 10 agreed to.

On section 11—Penalty for violation.

Mr. MICHAUD: There is a proposed amendment to this section, to add as subsection 2 the following:

Where any property is seized in respect of an offence against the provisions of section 8 of this act and a conviction is made in respect of such offence the justice making the conviction may adjudge and order as forfeited to His Majesty for the public uses of Canada the property so seized: provided that such property shall not be disposed of pending any appeal or any proceeding in which the right of seizure is questioned or before the time in which such appeal or other proceeding may be taken has expired.

Mr. HOWE: I move accordingly.

Amendment agreed to.

Mr. STEWART: As I recall it, there was some suggestion that this clause might be amended to read in this way:

Every person guilty of an offence against this act or of a contravention of any regulation shall be liable upon summary conviction . . .

And so forth.

. . . unless some other penalty is provided by this act.

Is there not another penalty? That was the suggestion at the time.

Mr. MICHAUD: That amendment has been before the committee.

Mr. NEILL: Was there not some suggestion made by the leader of the opposition that some such amendment would be necessary because of section 6, which provides a different penalty, two years' imprisonment, and so on?

Mr. STEWART: Exactly.

The CHAIRMAN: There was an amendment to clause 11 which was carried.

Mr. STEWART: What was the amendment? Was it adding some words in the same line of clause 11?

The CHAIRMAN: The amendment was carried, but I shall read it again. It was to add after the word "shall" in the second line the following: "Unless some other penalty is expressly provided therefor in this act."

Section as amended agreed to.

Bill reported.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR REFUNDING OF MATURED, MATURING AND CALLABLE OBLIGATIONS

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of Bill No. 107, respecting the Canadian National Railways and to provide for the refunding of matured, maturing and callable financial obligations.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Short title.

Mr. DUNNING: Mr. Chairman, there was a very full discussion of the general principle of the bill on the introduction of the financial resolution. At that time some questions were asked by various members of the committee. I have before me a mass of information, and if hon. members would be good enough to repeat their questions, some of which interlock, I shall be very glad to answer them as we proceed with the various clauses.

Section agreed to.

On section 2—Power for refunding.

Mr. STEWART: Has the minister put on Hansard a record of the maturities that he proposes to refund under this section?

Mr. DUNNING: They were put on Hansard as part of the record when the resolution was under consideration. I have not checked up the record since. I have not the Hansard before me; but if my hon. friend, who has Hansard in his hands, would be good enough to look further on in the discussion, he will find the list there.

Mr. LAWSON: Was that the list which amounted to $280,000,000?

Mr. DUNNING: I cannot say as to the total amount, but it was a complete list of maturities up to, I think, 1942.

Mr. STEWART: The last part of clause 2 reads as follows:

. . . securities . . . as defined in chapter ten of the statutes of Canada, 1929, and/or of any company or companies controlled through stock ownership by any company comprised in Canadian National Railways.

What is the scope of that? Would that include any of the very, very long list of companies that—?

Mr. DUNNING: Yes. It is the same provision as has been in every one of the preceding acts.

Mr. STEWART: But it would cover any of the securities in any of that long list of companies that are controlled by the Canadian National Railways?

Mr. DUNNING: It covers the list of securities as shown in the annual report of the Canadian National Railways system.

Mr. STEWART: The minister has not the page reference?

Mr. DUNNING: The hon. member will find it in Hansard. I am advised that the list is contained on page 2329, April 28, "Maturities by years." The list is there, covering the whole of the securities which are dealt with by legislation.

Section agreed to.

On section 3—Issue of substituted securities.

Mr. STEWART: The amount here, I notice, is $200,000,000, whereas the amount of the securities mentioned in the list read into Hansard is apparently in excess of that.

Mr. DUNNING: Yes, but we are not expecting that my hon. friends would be willing to give us authority to deal blanket-wise with the whole issue of outstanding securities. The amount in the previous legislation of 1935 was $200,000,000, and I did not think it would be wise to ask for authority greater than that which was given on that occasion. As I indicated in the discussions on the financial resolution, the power then given has been utilized to the extent of within, I think, five or six million dollars—in that neighbourhood, anyway. As I further indicated, the interest savings effected amount to over $3,500,000 annually as a result of the refunding effected under authority of the last statute, which this one seeks to replace. I did not think it wise to ask for authority for more than $200,000,000, and I doubt if there would be a willingness to extend it.

Mr. STEWART: There is no limit on the time during which this refunding may be arranged, is there?

Mr. DUNNING: No, except that maturities within the next few years amply exhaust the authority.

Mr. STIRLING: This year, I see, there are $21,000,000 of issues maturing, and next year there will be nearly $36,000,000?

Mr. DUNNING: Yes.

Mr. STIRLING: Does the minister contemplate proceeding right away with such schemes under this authority?

Mr. DUNNING: It is difficult to answer that question. Arrangement of time and place of maturity is necessarily one of our most valuable assets in disposing of matters of this kind, and I should not like to indicate in advance to the holders of bonds or to the market that anything might be done on a particular date. I have found it of advantage to move rather suddenly in such matters.

Mr. STIRLING: When things are all propitious?

Mr. DUNNING: Yes. My hon. friends who were questioning the amount will notice there are bonds maturing or callable before December 31, 1943, amounting to $207,600,000, which exceed the authority here given.

Section agreed to.

On section 4—Approval of governor in council.

Mr. DUNNING: The same provision.

Mr. STEWART: Is there anything different in this from what has been found in the preceding legislation?

Mr. DUNNING: I shall just make sure. Section 4 is identical.

Section agreed to.

Section 5 agreed to.

On section 6—Cancellation and cremation of original securities.

Mr. STEWART: It is all consequential upon the sale?

Mr. DUNNING: Yes.

Section agreed to.

On section 7—Loans authorized to National company not exceeding aggregate amount of $200,000,000.

Mr. STEWART: This is a similar provision to the one in the former legislation?

Mr. DUNNING: Yes. Subsection 2 is new, and makes it quite clear that if the dominion government makes a temporary loan, securities of the railway company guaranteed by the dominion may be issued to pay for the temporary loan. That has always been done, in any case, and this is to make it clear that there is no question about the authority.

Mr. STEWART: The minister was good enough to say that he was prepared to read into Hansard the answers to the questions of certain hon. members, and if he will be good enough to do that in respect of any who are absent to-day I think it would be satisfactory. I understand that the leader of the opposition and the hon. member for Danforth asked for certain information, also the hon. member for Rosthern.

Mr. DUNNING: I think the information asked for was, in most instances embodied in the table which I got the permission of the house to insert afterwards in the proceedings, on the last occasion. I believe that on April 28 the whole table of all the securities issued was included in those proceedings. I do not know of any other specific question, except that the hon. member for Comox-Alberni asked about the guarantees given by the province of British Columbia. The hon. member was under the impression that some arrangement had been made whereby the province was relieved of that obligation. I have ascertained that no such action has been taken. There is no relieving of that province of obligations any more than any of the other provinces that have guaranteed, and as a matter of fact in the last provincial accounts the amount guaranteed is shown by the province as a contingent liability. That answers the question of the hon. member for Comox-Alberni.

Mr. STEWART: I assume that the interest on those obligations has been paid by the dominion.

Mr. DUNNING: There is no question about that. The leader of the opposition asked for information regarding the latest Canadian National Railways bond issue. I have before me a complete memorandum showing the transaction in detail, which I shall read into Hansard if I may.

Subscription lists were opened on January 10, 1938, for a $50,000,000 Canadian National railway company dominion guaranteed bond issue. The issue was comprised of four-year two per cent bonds dated January 15, 1938, and due January 15, 1942. The issue price to the public was 99·25, yielding 2·20 per cent to maturity. There were also thirteen-year three per cent bonds dated December 15, 1935, and due December 15, 1950. The issue price to the public was 97, yielding 3·29 per cent to maturity. Net prices to the company were 99 for the four-year bonds and 96·25 for the thirteen-year bonds, or a cost to the company of 2·27 per cent and 3·36 per cent respectively. The issue was over-subscribed and the books were closed at 10.15 p.m. on the offering day. Allotments were made as follows: four-year bonds, $20,000,000, and

thirteen-year bonds, $30,000,000. The proceeds of the issue, totalling $48,675,000, were used in repayment of temporary loans obtained from the government for capital expenditures and the retirement of miscellaneous obligations.

I shall detail in Hansard what repayments were made. I can read it at the moment, but I can get it more intelligently in tabular form later. In round figures, the 1932 loan of $8,077,000 carried an interest rate of 5¼ per cent. The 1933 loan of $8,228,000 carried an interest rate of 4¾ per cent. On the 1934 loan by the company to the government of $10,747,000 the interest rate was originally 4½ per cent. On the 1935 loan of $7,293,000 the interest rate was originally 4 per cent. With respect to this group of four loans, the interest rate as between the government and the Canadian National railway company was reduced to 3¾ per cent as from January 1, 1937; that is, a little over a year ago a readjustment in the rate was made to bring it more in conformity with the cost of money to the government than the rates formerly in existence, from the time the loans were originally made by the treasury to the Canadian National Railways. On the 1936 loan of $7,011,000 the rate was 3½ per cent from its inception, and on the 1937 loan of $7,317,000, the rate was 3½ per cent from its inception. So that the total repaid by the company to the government as a result of the floating of this guaranteed issue was $48,675,000. The amount of discount on the new issue, $2,325,000, was paid to the government from working capital of the company, reducing still further the amount advanced under the 1937 Financing and Guarantee act. The amount of temporary loans remaining unpaid as between the company and the government, on the books of the dominion at March 31 of this year, was $2,392,000.

The table follows:

1932..	$ 8,077,338 33	interest rate	5¼%*
1933..	8,228,101 10	" "	4¾%*
1934..	10,747,973 98	" "	4½%*
1935..	7,293,065 84	" "	4 %*
1936..	7,011,230 75	" "	3½%
1937..	7,317,290 00	" "	3½%
	$48,675,000 00		

* Reduced to 3¾% as from Jan. 1, 1937.

Mr. STEWART: Are the rates mentioned by the minister those at which the government borrowed money at that time?

Mr. DUNNING: I believe that was the basis used, generally speaking, in determining the rate of loans. Of course, it is not anticipated generally that amounts will be allowed to be outstanding as between the treasury and the company on capital accounts over long periods of time. But in adjusting the financing of railway obligations to the general volume of national financing, it is necessary sometimes to defer refundings which otherwise might have been made at an earlier date, and so we have this accumulation for four years. The interest rate situation was reviewed and the rate reduced, as I have indicated, to 3¾ per cent, which was approximate to the effective rate; I believe there was a differential, but it approximated the rate at which the government was borrowing money. Then the whole matter was cleaned up by the issue which was made on January 10, 1938, leaving a small balance of $2,392,000 odd outstanding as between the Canadian National Railways and the government as at the end of the last fiscal year.

Mr. STIRLING: Has the minister handy a reply to the question of the hon. member for Danforth as found at the bottom of page 2343 of Hansard:

> I therefore repeat my question, What portion of this $200,000,000, which is part and parcel of the $978,000,000 at present guaranteed . . . originates with the provinces, and what portion consists of bonds of a kind to which no dominion or provincial responsibility or guarantee or mortgage is attached.

Mr. DUNNING: Obviously I cannot answer that question literally because the questioner asks what portion of the $200,000,000 will be used for this purpose. The $200,000,000 is under a general authority and may be used for refunding any one of several issues depending upon whether or not we exercise our right to call certain perpetuals. If we exercised our right to call the four per cent perpetuals, that would involve one kind of answer, whereas if we did not exercise our right to call the four per cent perpetuals, obviously the $200,000,000 authority would extend over a longer period and embrace a wider list. As a matter of fact, has not the information been already put on Hansard?

Mr. STIRLING: I see there is a table at page 2331.

Mr. DUNNING: On pages 2329 to 2331 the figures are set out showing in each case the source of the guarantee. If it is a dominion guarantee, it is there stated; if it is provincial, the province is indicated; and if it is unguaranteed, there is no notation in the column headed "Guaranteed by."

Mr. STIRLING: That probably answers the question.

Preamble agreed to.

Bill reported.

NATURAL RESOURCES

CONFIRMATION OF CERTAIN AGREEMENTS BETWEEN DOMINION GOVERNMENT AND PROVINCES OF MANITOBA, SASKATCHEWAN AND ALBERTA

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved the second reading of Bill No. 106, to amend the Manitoba Natural Resources Act, the Alberta Natural Resources Acts, and the Saskatchewan Natural Resources Acts.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Short title.

Mr. STIRLING: Was there considerable discussion during the resolution stage?

Mr. LAPOINTE (Quebec East): The purpose of the bill was explained. This bill is to confirm supplementary agreements which have been signed by the dominion government, represented by the Minister of Mines and Resources (Mr. Crerar) and by the provinces of Alberta, Saskatchewan and Manitoba. Under the statutes transferring the natural resources to the three western provinces the interests of the dominion in all lands, mines and minerals were transferred to the crown in the right of the respective provinces. But apparently some doubt has been raised in the minds of some of the provincial authorities as to whether it is clear that the transfer included the waters and water powers. This bill is merely to remove those doubts. The agreements have been signed by the three provinces and by the Minister of Mines and Resources, and the legislatures of the three provinces have confirmed the agreements. There cannot be any change accorded to them, and we are not losing anything. It is rather to accede to the wishes of the legal officers of the provinces so that no doubt should exist.

Mr. STIRLING: It has no reference to anything in the national parks?

Mr. CRERAR: No. The agreement covers just the point mentioned by my colleague the Minister of Justice, and another one relating to conservation of gas and oil in the Turner valley. The first point is to make it clear that waters and water powers were transferred to the provinces when the natural resources generally were transferred. I think our law officers held that the water powers and waters are included in the term "lands"; but apparently there is some doubt in the minds of the legal officers advising the provinces of Alberta and Saskatchewan particularly, and to put the matter beyond any question the supplementary agreement was entered into.

On the other point, as to conservation, the transfer provided that resources which had been alienated or disposed of by the federal government by contract or licence prior to the transfer should not be disturbed except by regulations or changes which would apply generally throughout the province. That, I assume was to guard against any possibility of discrimination. However, it was found by the Alberta government that it was desirable to put into effect certain conservation policies in the Turner valley, which, as hon. members know, is the site of a crude oil field in Alberta. The first drillings developed gas, from which naphtha and some other oils were taken. Later the crude oil field developed. But the value of the crude oil wells depends in a large measure upon the pressure of gas that may be retained several thousand feet down in the earth. The Alberta government wished to put into effect a policy which would conserve or control the escape of this gas; that is, that they could say to individuals or companies, You must take steps to prevent this gas from escaping and thus lowering the pressure. In 1932 the Alberta legislature passed an act, known as the Turner Valley Gas Conservation Act, to effect this purpose. According to the information supplied to me, at least ninety per cent of the operators in the Turner valley favoured that legislation; but there were one or two, one particularly, who took exception to it. The question was carried to the supreme court, and the supreme court declared that under the transfer agreement the province did not have the power to make such regulations unless it made them to apply generally over the whole province. So there was a condition that, for instance, in another oil field at Wainwright the province did not wish to apply these particular policies of conservation because it was thought the result would be detrimental to the operators. Consequently what is sought in this bill is to modify or change the agreement, giving the province of Alberta the power to deal with this particular condition which exists in the Turner valley. According to the information given to me, as I have stated, that commends itself to the judgment of an overwhelming majority of the operators in the Turner valley. Only one or two take exception to it. The technical officials of the Department of Mines and Resources have examined into the matter, and they commend

it strongly as a necessary step to maintain as long as possible the life of this Turner valley oil field.

Mr. STIRLING: The operators believed in decentralization?

Mr. CRERAR: It might be put in that way.

Mr. STEWART: I assume that over the period of years while these resources were administered by the dominion, before being turned over to the provinces under the prior agreements referred to in the bill, obligations must have been incurred from time to time and contracts entered into by the dominion government and rights created. When the resources were turned over to the provinces and these agreements made, were there any outstanding obligations on the part of the dominion which parties might ask the dominion to enforce, although the resources have been turned over to the provinces; or have the provinces assumed all obligations into which the dominion entered?

Mr. CRERAR: The latter is correct.

Mr. STEWART: Then I assume there is provision in the other agreements that the provinces undertake to fulfil all obligations of the dominion in respect of these resources?

Mr. CRERAR: Yes; I think that is contained in the original agreements. The point at issue is this: There is no doubt that the Alberta legislature can apply conservation policies in the Turner valley, provided they are also applied generally over the whole province. But that would operate detrimentally to the operators, say in the Wainwright field, according to advice given to me. Consequently what is sought in reference to this point is to endow the Alberta government through its legislature with the power to set up conservation policies in this particular area where they are very much needed. I can assure the committee that I think the legislation is necessary.

Mr. STEWART: What right would this central government have in respect to the matters to which the minister has referred? If we have any rights, how can we delegate them, if the jurisdiction is still vested in this parliament? I would be under the impression that this parliament has no jurisdiction whatever in the matter which the minister has mentioned. But if I understood him correctly he suggests that the effect of this agreement will be to release or relinquish any rights this parliament has with respect to this control, and vest them in the province. Am I right?

Mr. LAPOINTE (Quebec East): By a paragraph of the original transfer agreement, which has been ratified by the imperial parliament, it was agreed that the provisions of the said agreement might be varied by an agreement confirmed by concurrent statutes of the parliament of Canada and of the legislature of the province. Therefore there is no doubt that we can vary the original agreement by concurrent legislation, and this has the force of law by an act of the parliament of the United Kingdom. We are authorized to vary without going back to that parliament.

Mr. STEWART: Does this vary the original agreement in any way?

Mr. LAPOINTE (Quebec East): It is supposed to, in the case of the Turner valley. In the other case it is merely the removal of a doubt.

Mr. STEWART: I just want to find out what rights were left with this government in connection with the Turner valley.

Mr. LAPOINTE (Quebec East): I cannot add anything more to what my hon. friend has said in that connection.

Mr. CRERAR: I have probably failed to make my point clear. The Alberta government, through the legislature of that province, can bring in conservation regulations, if I may describe them in that way, but under the original transfer agreement those regulations must be made to apply generally over the whole province. What they wish is to obtain power to pass regulations not applicable to the whole province; in other words, they wish regulations to apply to a particular area because in a peculiar way that area requires them. Under the judgment of the supreme court in 1933 they have not that power. As a matter of fact, the Alberta legislature thought it had the power, and the previous government of that province passed the act to which I referred a moment ago, dealing with the conservation of the Turner valley gas. The court here, however, held that the legislature did not have power to pass such an act unless it applied generally over the whole province, which was not what they desired. This amended agreement seeks to give the government of Alberta, through its legislature, power to make regulations which may apply only to the Turner valley situation.

Mr. STEWART: It is a difficult point.

Mr. LAPOINTE (Quebec East): May I add this, which I read in the agreement with Alberta, with regard to the matter of the Turner valley:

—by paragraph 2 of the said natural resources transfer agreement the province agreed that it would carry out, in accordance with the terms thereof, every contract to purchase or lease any crown lands, mines or minerals and

every other arrangement whereby any person had become entitled to any interest therein as against the crown, and further agreed not to affect or alter any term of any such contract to purchase, lease or other arrangement by legislation or otherwise, except either with the consent of all the parties thereto, other than Canada, or in so far as any legislation may apply generally to all similar agreements relating to lands, mines or minerals in the province or to interests therein, irrespective of who might be the parties thereto;—

In other words, the Dominion of Canada bound the province at the time so that the province would not alter any term of any contract with any party unless all the parties were agreed or unless such alteration by legislation would apply generally to all agreements relating to lands, mines or minerals, irrespective of the place or the person affected. Apparently this worked some injury in that particular district, and paragraph 2 is to be amended by adding these words:

—or is legislation relating to the conservation of oil resources or gas resources or both by the control or regulation of the production of oil or gas or both, whether by restriction or prohibition and whether generally or with respect to any specified area or any specified well or wells or by repressuring of any oil field, gas field or oil-gas field, and, incidentally thereto, providing for the compulsory purchase of any well or wells.

That will enable the province to make new arrangements with regard to certain wells in a specified area, which it could not do under the original agreement.

Section agreed to.

Section 2 agreed to.

Schedule agreed to.

Preamble agreed to.

Bill reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

NIAGARA FALLS OBSERVATION BRIDGE COMPANY

Mr. A. B. DAMUDE (Welland) moved the third reading of Bill No. 15, to incorporate Niagara Falls Observation Bridge Company.

Mr. J. R. MacNICOL (Davenport): May I express the hope that the senate will give this bill its considered judgment the same as was done by this house.

Mr. SPEAKER: The hon. gentleman is out of order.

Motion agreed to, bill read the third time and passed.

[Mr. E. Lapointe.]

RAILWAY ACT AMENDMENT

JURISDICTION OF RAILWAY COMMISSION IN CASES OF DAMAGES CAUSED BY ERECTION OF SNOW FENCES

Mr. OSCAR L. BOULANGER (Bellechasse) moved that the house go into committee on Bill No. 5, to amend the Railway Act.

Motion agreed to and the house went into committee, Mr. Sanderson in the chair.

On section 1—Snow fences.

Mr. HOWE: I am entirely in accord with this bill except in one respect. This bill amends a very important act, and for that reason it has been scrutinized closely by the law officers of the crown. The fear is that amendments of this type will alter the basic character of the Railway Act. While this bill was in committee, the word "land" in line 12 was struck out. The law officers feel that if this amendment is allowed to stand it will set a precedent and have the tendency to turn the railway board into a court for small claims. The board does deal with land damages, and if the word "land" is allowed to remain in the bill, the provisions of the bill would be consistent with the purposes for which the board was created. Therefore, I would ask my colleague, the Minister of Mines and Resources, to move that section 1 of Bill No. 5, to amend the Railway Act, as reported by the committee on railways, canals and telegraph lines, be amended by inserting the word "land" before the word "damages" in line 12, page one of the said bill.

Mr. CRERAR: I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

GOVERNMENT RAILWAYS ACT

JURISDICTION OF RAILWAY COMMISSION IN CASES OF DAMAGES CAUSED BY ERECTION OF SNOW FENCES

On the order:

House in committee on Bill No. 6, to amend the Government Railways Act (as reported from the standing committee on railways, canals and telegraph lines, recommended that the bill be not proceeded with).—Mr. Boulanger.

Mr. OSCAR L. BOULANGER (Bellechasse): Mr. Speaker, I would ask for permission to withdraw this bill.

Bill withdrawn.

PRIVY COUNCIL APPEALS

PROPOSED ABOLITION OF APPEALS TO HIS MAJESTY IN COUNCIL

On the order:

Resuming the adjourned debate on the motion of Mr. Cahan for the second reading of Bill No. 19, respecting appeals to the judicial committee of the privy council.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, as the hon. member who moved the adjournment of the debate (Mr. Finn) is not present this evening, perhaps this bill may be permitted to stand by consent and still retain its place on the order paper.

Order stands.

IMMIGRATION ACT

AMENDMENT OF PROVISION RESPECTING PROHIBITED CLASSES

The house resumed from Friday, March 11, consideration of the motion of Mr. Neill for the second reading of Bill No. 38, to amend the Immigration Act.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker—

Mr. SPEAKER: I would direct the attention of the house to the fact that should the hon. member now speak he will close the debate.

Mr. NEILL: I rise to a point of order. There has been a misunderstanding about that. When this bill was up before, the order was called and I nodded my head, indicating that I was ready, and your honour put the motion for second reading. I was just about to rise to speak, as was my right, when I heard the clock striking nine o'clock. Knowing that the rules did not permit any debate after nine o'clock, I did not commence my remarks, feeling confident that you would protect me. At that moment the hon. member for Cariboo (Mr. Turgeon) made some remark to the effect that he would move the adjournment of the debate on this bill which was closely allied to another bill. His statement that this bill was allied to another bill was so ridiculous that I took it as a jest, and in a jesting manner I said that I would rise to a point of order as they were not allied. If the hon. member had said that the moon was made of cheese, I would not have interrupted him because that would have been his privilege. According to the rules no practical debate can take place after nine o'clock. I am in the hands of the house, but with all due deference I submit that I should be permitted to speak on the second reading of this bill which I am sponsoring.

Mr. MACKENZIE KING: The impression on this side of the house was that the hon. member had moved the second reading of his bill and expected the vote on it to come immediately. He has just told us that such was not his intention, but that he had intended to speak and would have proceeded to do so but for the action of another hon. member in moving the adjournment of the debate. I am sure the house will be quite prepared to accept my hon. friend's statement and allow him to proceed with the second reading.

Mr. NEILL: I thank the house and the Prime Minister for his courtesy. There is no doubt that technically, according to the record in Hansard—

Mr. MACKENZIE KING: There was no disposition at all to close off the discussion.

Mr. NEILL: Mr. Speaker, in moving the second reading of the bill I wish to discuss it.

Mr. SPEAKER: It would be well if, before the hon. member moves the second reading, the order now standing for resuming the adjourned debate be discharged. It is mentioned in the orders of the house as: "Resuming the adjourned debate on the motion of Mr. Neill for the second reading of Bill No. 38, an act to amend the Immigration Act."

Mr. MACKENZIE KING: I move:

That the order for resuming adjourned debate on second reading of Bill No. 38 be discharged and an order for the second reading of the said bill be substituted therefor.

Motion agreed to.

Mr. A. W. NEILL (Comox-Alberni) moved the second reading of Bill No. 38, to amend the Immigration Act.

He said: Mr. Speaker, the number of this bill is 38, and its title, "an act to amend the Immigration Act." It has no connection whatever, express or implied, with Bill No. 11, although some member made some comparison between the two, but there is no connection at all. Bill No. 11, if you compare it with this bill, might be allied in the sense that two people travelling in the same train to a common destination could be said to be allied, although they would hardly be called allies because they might be utterly antagonistic in aim and outlook.

Bill No 11 is an act respecting Japanese immigration, and it definitely and specifically,

by name, excludes Japanese nationals from entering Canada. The word "excludes" is not used, but that is the effect, and it is admitted to be so.

Bill No. 38, which is now before the house for second reading, and is an act to amend the Immigration Act, has nothing to do with that at all. It makes no reference to excluding anybody by name or by race. It does not even restrict orientals alone but applies to seventy-four per cent of the world's population, comprising many races, and, of course, an enormous population. It does not even stop them from entering Canada if they comply with certain conditions laid down in the bill.

I shall now explain the bill. It amends the principle that has been in our Immigration Act now for twenty-five years. I refer to section 3 of the Immigration Act, chapter 93 of the revised statutes of Canada, paragraph (t) of which provides that among those who are prohibited immigrants are those over fifteen years of age physically capable of reading who cannot read the English or French language or some other language or dialect. That is our law to-day and has been for many years. This bill simply goes a very little further, makes a very fair amplification of the same principle, and says in addition that the language which they use must be commonly spoken by and native to the people of some country or some political division in Europe. That is the only change it makes. It only brings us in Canada into line with Australia and New Zealand, of which I shall speak later.

Moreover, this is what I might call a legislative olive branch. When the Prime Minister (Mr. Mackenzie King), speaking on the second reading of Bill No. 11, indicated the opposition of his government to that bill, I considered the situation. In politics I think it is a good axiom, when you cannot get the right remedy for the grievance of which you complain, while not relaxing your determination to get it, to accept such minor measure as you can get as a palliative for the time being, and use that as a stepping-stone to obtain a greater measure of justice which no doubt time will bring. So in this bill I gathered up all the objections, all the prejudices, all the propaganda, all the opposition to Bill No. 11, and I said: I think the government is wrong; but the government is in the majority, and the government majority must rule. Therefore let us abandon this bill for the moment until the government is perhaps better informed by the result of a general election—

Mr. DUNNING: Is Bill No. 11 abandoned?

[Mr. Neill.]

Mr. NEILL: For the moment. We are dealing now with Bill No. 38. So I said: Let us wait until the government is better informed as a result of a general election, which in British Columbia at any rate will show very definitely what the wishes of the people are. My definition of democracy—it may be a wrong one—at least contains this provision, that the government, those who govern, should govern according to the wishes of the governed, provided that their wishes are sufficiently and definitely and legally expressed. And so we say: Abandon for the moment the proper principle contained in Bill No. 11 and adopt this lesser measure of a totally different kind, which will in some measure placate the people of British Columbia, whose views have been expressed very plainly.

I hold in my hand a summary of the presentations made by the Pattullo government of British Columbia to the Rowell commission. It summarizes fifteen important items, and the one which they apparently deemed of sufficient importance to put first is this:

> Oriental immigration into Canada should be prohibited, and as many orientals as possible returned to their home countries.

Then here I have a resolution passed within the last few weeks by the council of the city of Vancouver, a Conservative minded body. This is not the chronic obsession of some solitary member, but expresses the feeling of the people of British Columbia as reflected in a resolution passed by the city council of the largest city in the province and the third largest city in Canada. They ask that the dominion parliament enact legislation to prevent a further influx of these people into our country.

This bill asks nothing like that at all. It does not ask that these people should be sent home or that they should be excluded, it asks simply that the immigrants shall be restricted to those who can read the language indicated. While I am anxious to secure the best that can be obtained for the people of British Columbia, in friendliness to the government, too, I should be glad to see them accept this bill because it is a way out of the unpopularity that will accrue to them if they reject Bill No. 11 without accepting some reasonable substitute.

It is customary, in introducing a bill, to anticipate the objections that will be made against it and to defend the bill against such attacks, but in this case I am at a loss because I do not see how anybody can object to this bill. I cannot see in it anything to which anyone could take exception.

One of the charges made against Bill No. 11 was that it was aimed at Japan, and certainly it was. But this bill is nothing of that kind at all. Japan is not mentioned first or last, neither directly nor indirectly, nor by inference. The restriction is entirely general, and general to such an extent that, as I say, it applies to seventy-four per cent of the world's population. The most sensitive pro-Jap advocate could not find any loophole for complaint in this bill.

Another objection made was that it touched the pride of the Japanese nation; that the word "exclusion" was antagonistic to their pride. That expression which I have heard for the last seventeen years is a mere subterfuge, a mere diplomatic phrase, that is trotted out when it suits them. It is wholly incompatible with what we have observed of their ideals in diplomatic and other fields, of their sense of their obligations, and so forth. It is a mere phrase used where convenient. However, I am willing for the moment to accept it at the face value. It utterly falls down as applied to Bill No. 38, because this bill contains no reference to exclusion. Under the bill, in fact, it is impossible totally to exclude anybody, because it leaves the door open to those who can read the English or French language; we go further in our gracious hospitality, and we will take in anyone, even from the continent of Europe, who can read any language that is current there. Surely that is neither a hard nor an unreasonable condition considering the condition of the world to-day; and it is of almost universal application.

Another argument was—I have heard it again and again, and I have heard it cited by the Prime Minister—that Japan particularly objected to that phase of any exclusion because it was aimed at them specifically. They said they would not mind at all if it was general and took in all nations; but their pride, or what they call their pride, was touched because they were specifically named. If that is the case, this bill is right into their hand; it should suit them. We do not exclude anybody, but we restrict immigration—from where? From India—our own vast domain of India—from China, Japan, South America, the Malay peninsula and those countries in the neighbourhood, Siam and Borneo, constituting a large number both in races and in population. In 1922, when the restriction resolution was before the house, the Hon. Charles Stewart was minister of immigration. The resolution called for the exclusion of orientals. Mr. Stewart introduced an amendment which struck out the word "exclusion" and substituted the words "effective restriction." I asked the Prime Minister of the day, who was the same gentlemen who now occupies that position, if we could understand by that such a measure of restriction as, for instance, was used in Australia, and he assured me that that would be the case. I have the quotation if it is needed. Well, we have not got so far yet. Sixteen years have passed; we have been looking for a phrase to meet the situation, and I suggest we have it now. This bill does that. It gives us an effective restriction equivalent to that in Australia without using the words "total exclusion."

We have precedents. The lawyers are great on precedents; they want to go slow until they see that a thing has been done before. We have a precedent of our own. For twenty-five years an educational test has been administered to people coming in. We have the precedent of Australia. This is what the Australian act says with regard to prohibited classes:

> Any person who fails to pass the dictation test:
>
> That is to say, who, when an officer or person duly authorized in writing by an officer dictates to him not less than fifty words in any prescribed language, fails to write them out in that language in the presence of the officer or authorized person.

It will be noticed that this goes much further than my bill, because it means any language at all, whereas I would be satisfied with any language of Europe. Their law requires any language prescribed by the government, and the government always takes great care to prescribe a language in which the immigrant cannot qualify. For instance, if he can speak six languages they would try him with the seventh, in which he would be bound to fail. I may say that in New Zealand the law is the same, but with this difference, that there they allow anyone to qualify if he can write fifty words in any language of Europe, whereas in Australia it is just "any language."

There is an incident connected with that which may be of interest to our Scotch friends in the house. Originally in Australia the words were also "any language of Europe"; but apparently some Scotsman got himself appointed inspector, and from some weird sense of humour he set a Chinaman to write out fifty words in Gaelic as being a prescribed language of Europe. The case will be found in the law books of 1905, Rex v. Wilson. But the Supreme Court of Australia decided that Gaelic was not a "language of Europe," very much to the disgust of the Scotch contingent, and there was very nearly a revolution. Kilts were donned and sporrans

were waved—or whatever you do with sporrans—claymores were drawn and the fiery cross was sent abroad in the land. The government realized the danger of the situation, and capitulated, and at the next session of the house they changed the act to read "any language," which allowed the Gaelic brand of language to be used also. But in New Zealand it is "any language of Europe," and that is all I ask in connection with this bill.

Take another precedent, affecting the East Indians, those who live in India. They are our own fellow citizens, and some of them qualify ethnologically as being Aryans and therefore white men; but we prohibit them from coming into Canada, and the way in which we do it is by the barest subterfuge. We say they cannot come in unless they come in a ship proceeding directly from the port of embarkation to the port of debarkation in Canada, and moreover they must come on a through passage ticket. Then we take steps to see they cannot get a through passage ticket. It is done as simply and obviously as that. They might complain about it; but still that is the way we do it; that is the precedent.

I cannot think of any other objection. It is sanctioned by our own immigration law; it is sanctioned by our custom as regards the East Indians; it has been the law of New Zealand and Australia for at least thirty years. As I said, it is an olive branch, and it is also a test of the sincerity of the Japanese who are opposing this bill. We have met every objection to Bill No. 11, and have obviated it. I ask the house to note also that there is in the bill a provision that it will not come into effect until July, 1939, which gives ample time for the amenities of diplomacy to come into operation and also to make such arrangements that immigrants on the water would not be incommoded, but would have ample time.

To sum up; the law is of general application. It has been in force thirty years in the sister dominions of New Zealand and Australia. It is merely idle talk to say that we must not do this lest we offend one small nation comprising seven per cent of seventy-four per cent of the world population, and now subject to a similar restriction in these other dominions. If the house, and of course the government, will accept this bill I would be willing, with the consent of those hon. members who have promised me their support of Bill No. 11, to withdraw it. But I would say this to the government: British Columbia wants Bill No. 11 and will not be satisfied until she gets it, and she will get it after she has expressed herself sufficiently strongly at the election. But for the moment this bill would meet the situation and would meet a very serious situation in British Columbia. I cannot too strongly impress upon the house and the government how serious that situation is. It is all very well as long as things are going along smoothly, but there is a very strong and bitter undercurrent about this matter. You may gauge its importance when you find the city council of Vancouver taking it up, and every paper carries resolutions passed by this or that body along the same line. British Columbia will not be satisfied with anything but Bill No. 11. But for the moment, for the sake of peace, for the sake of the representations made by the Prime Minister and the views he expressed, founded upon what he says is his greater and inner knowledge of international matters, it would be a reasonable and fair compromise to accept this bill and satisfy British Columbia for the moment, and it would be a measure of justice. I earnestly commend it to the consideration of the government and of the house.

Mr. MACKENZIE KING: Mr. Speaker, on a point of order, before we proceed any further, the rules of the house as adopted on June 14, 1923, among other provisions contain the following:

> In the text of the bill, on the left hand page, new matter shall be indicated by such typographical means as may best suit the varying circumstances of each case, such as brackets, italics, underlining, asterisks, etc. Opposite each clause, on the right hand page, the enactment amended thereby, or so much thereof as is essential, shall be printed with the proposed changes to be made therein similarly indicated.

The bill that the house has before it has nothing at all opposite the clause on the right hand page. It is true that on the left hand side new matter is underlined; but the opposite page does not contain what the rules state should be complied with, namely so much of the enactment as is essential to be printed with the proposed changes to be made therein similarly indicated. Before we proceed further, I would ask your honour to give a ruling on the point whether the bill does comply with the rules of the house.

Mr. SPEAKER: Do any other hon. members wish to speak to the point of order?

Mr. NEILL: On the point of order, I submit that the bill does comply with the essential feature of the rule, which is that changes shall be indicated by such typographical means as may best suit the varying circumstances of

each case, such as brackets, italics, underlining and so on. That is done in the bill before us. The part which the Prime Minister says is left out is the "explanatory notes" on the right hand page, but that omission in so sense interferes with the essential part of the bill. The bill is so simple that I suppose the law clerk who drew it—I did not draw it—thought it unnecessary to put, in explanatory notes, what is so obvious. A number of bills have gone through the house since that rule was made and they have had no explanatory notes on the right hand page, the reason being I have no doubt, that the bills were so obvious as to render such explanations unnecessary. I would call attention to page 348 of the rules, subsection (3) of paragraph 7:

When a clause repeals an existing section, subsection or other minor division of a section, that section, subsection or division, or so much thereof as is essential, shall be printed opposite the clause.

The purpose of the explanatory notes on the right hand side of the bill is to enable us to see what we are amending. In this instance we are not striking out anything in order to substitute something else, and therefore it was impossible to print on the right hand page the provision to be struck out—impossible for the simple reason that nothing was being struck out. I have not looked up other bills on the file; but hon. members will find, on looking through their files, case after case where nothing is printed on the right hand page of the bill.

Mr. CHURCH: On the point of order, may I point out that Bill No. 11 is altogether different from Bill No. 38, which is now before us. The bills are not even allied. I am surprised that the Prime Minister (Mr. Mackenzie King) has raised the point. The hon. member for Cariboo (Mr. Turgeon) moved the adjournment of the debate so that no one else could speak. Is this a free parliament or not? None of the rules quoted is at all relevant to the bill, because Bill No. 11 deals with an entirely different principle. I do not think the point of order is well taken.

Mr. NEILL: I would call attention to Bill No. 106, which is a case in point. There are no explanatory notes on the right hand page, but that would not prevent the passage of the bill.

Mr. CRERAR: The hon. member for Comox-Alberni proposes in this bill to substitute a new paragraph (t) of section 3 of the Immigration Act. He does so by adding a few words that are underlined in his bill, but he also seeks to attain his purpose by leaving out of paragraph (t) as it now stands in the act, a very important provision.

Mr. NEILL: What is that?

Mr. CRERAR: The method by which the test of literacy shall be applied.

Mr. NEILL: That is not left out.

Mr. MACKENZIE KING: Before you give your ruling, I might call your attention, Mr. Speaker, to another paragraph in the rules which ought to govern in this matter:

A memorandum by the draftsman explaining briefly the reasons for each clause, shall be appended to the bill, or distributed therewith. Whenever practicable the memorandum shall be printed on the right hand page of the bill, in paragraphs opposite the clauses referred to and numbered correspondingly.

There is in or with this bill no memorandum whatever by the draftsman explaining the reasons for its clauses.

Mr. SPEAKER: I have listened to the objections raised by the right hon. the Prime Minister (Mr. Mackenzie King) and also by the Minister of Mines and Resources (Mr. Crerar), and in my opinion both points raised are well taken. The rules that appear at page 348 of Beauchesne were adopted by the house to govern bills of the sort now under consideration. Bill No. 38 does not comply with any of the requirements set out in paragraphs 2, 3 and 4 on page 348. I must therefore declare the bill out of order.

Mr. NEILL: I feel very much tempted to divide the house on your ruling, Mr. Speaker, when we look at the words "whenever practicable...."

Mr. MACKENZIE KING: "Whenever practicable" follows independently.

Mr. NEILL: The rule says that whenever practicable the memorandum shall be printed. I do not wish to detain the house, but I do not think the government gets very much credit out of its method of disposing of this bill.

Mr. SPEAKER: Order. The ruling has been given and the hon. gentleman may appeal if he wishes to do so.

JAPANESE IMMIGRATION

APPLICATION OF PROVISIONS OF CHINESE IMMIGRATION ACT, REVISED STATUTES, 1927, CHAPTER 95

The house resumed from Tuesday, March 22, consideration of the motion of Mr. Neill for the second reading of Bill No. 11, respecting Japanese immigration.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, I assume I am in order in speaking now.

Mr. MACKENZIE KING: The hon. member is closing the debate.

Mr. SPEAKER: I wish to direct the attention of the house to the fact that the hon. member in speaking now closes the debate.

Mr. RINFRET: As a matter of fact, Mr. Speaker, the hon. member has the floor. Hansard will show that on the last occasion on which the bill was under consideration he had begun his speech. He therefore has the floor.

Mr. NEILL: This is Bill No. 11. Having been defeated on one front, I have to fall back upon a line of defence which I hope will be more acceptable to the government. When the bill came up last on March 22, I had spoken for a minute and a half before the hour had elapsed. A member on the government side, writing home to British Columbia, had this to say in his news notes:

> It was expected that a vote would take place on this but Mr. Neill, who rose to speak at five minutes to nine refused to end his remarks and let the vote take place.

That statement is neither correct nor fair. It was not five minutes to nine but one and a half minutes, as shown by the records of the house and of Hansard. It is not fair, because it says I refused to let the vote be taken. I refused to let the bill be defeated at that time for the reason I shall give. This bill was brought up for second reading on February 17; it was spoken to by a number of hon. members in its favour, and then the Prime Minister (Mr. Mackenzie King) spoke against it and moved the adjournment of the debate. Subsequently it came up on three or four different occasions, when four and two and three hon. members respectively, on the government side spoke until the time elapsed. They were all against the bill, with the exception of the hon. member for Broadview (Mr. Church), who spoke for a few minutes. It was well known that the government intended to defeat the bill, because the Prime Minister told us at the beginning that he could not accept it. That would be the end of the bill for this session. As it was going to be defeated it did not make much difference whether it were defeated three weeks ago or to-day, but it was not fair that it should go out to the world after nine men spoke against it—I do not say they used sound arguments, but they did argue against it—and with no attempt being made to rebut their arguments. I did not want the bill to go to defeat without the house and country being informed as to the rebuttal arguments which could be put forward. That is important because this will not be the end of this bill; the fight will be carried to the next election. When the next election comes, I shall have ample time to visit the electorate of Vancouver island and the lower mainland and explain the situation to them fully. I am afraid some hon. members of the government party will have some difficulty in squaring themselves with their constituencies. They may say, "Yes, I voted for it, but the government would not permit it to carry." But they should have used their influence with their party to allow it to pass.

Let us deal now with some of the reasons alleged against the bill. First we were told: Do not worry about this bill; we will give you a committee of investigation to find out whether orientals are coming in illegally. But who composed the committee? A gentleman from Ottawa, and the head of the police department of Vancouver and of the immigration department, the two men on whom blame would rest if it were discovered that there had been any illegal entry. Human nature is the same in British Columbia as anywhere else. Does anyone think these men were going to condemn themselves? The real way to go about it, if there were to be an investigation along these lines, would be to appoint a retired supreme court judge; there are several available in British Columbia. But the really effective way to get practical results would be to do as was done in the war—have all orientals registered. That is no disgrace; I had to register, along with other people, and produce my registration card on demand. If that were done it would be a simple and ready test; for if any oriental could not show that he was in the country legally he would have no card.

On March 22 the leader of the opposition (Mr. Bennett) said he would endorse the bill if a proviso were put in that it should not come into effect until July, 1939. I hereby accept that condition, and hope for his support.

The bill could easily have passed but for the announcement by the Prime Minister that the government was against it. I make full allowance for the inner knowledge that the Prime Minister has of international affairs, but I think he might have given us some information, lifted the curtain to some extent. When we compare the situation in Great Britain, where members of parliament, even cabinet ministers, rise in their places and speak with almost brutal frankness regarding the conduct of nations in Europe, even in the present strained situation, I think we might have had some explanation of the reason why it was so urgent that this bill be not passed. I submit that the reasons given were inadequate. We were told that it was calculated to provoke war. That is a very strong statement, one which, I think, is hardly justified. If we were proposing something unfair to the Japanese nation, to take some territory away from them, or some of their rights, or some of their land in British Columbia, or to deport them, there might have been some justification. But what are we doing? We are seeking only to regain control of our own immigration, with which we should never have parted. To do so was a foolish thing, done by no other nation in the world. How can any nation, Japan or any other, object to our taking back control of our own affairs? One might as well complain because his neighbour comes and asks for the return of the lawn-mower that one borrowed from him.

Then it was suggested by the Prime Minister that as the immigration was so small—I think he put it at about 130—it was not worth going to war over, or provoking war over. Well, I can turn that argument roundabout. If the number of immigrants were only 130—it is not so, but let us assume that it was—is it worth Japan's while under present conditions to go to war over it, especially when they know that we are entirely within our rights?

The Prime Minister admitted, as reported at page 569 of Hansard, that Japan and China should be treated on an equality. But the principal argument alleged was that Japan might not like the action proposed. That is a poor reason. If we are going to be governed along those lines, we shall have to ask Japan if we have her permission to fortify British Columbia. I am sure she would not like that either.

Nations often do things that other nations do not like. The United States periodically raise their tariff against us; we do not like it, but I have heard it said often in this house that it is the right of the United States to do that. The United States at one time imposed a quota against immigration from Canada; we did not like it but we knew it was their right. How ready we are to take offence against British public men expressing opinions concerning our affairs! Let one of even humble capacity travelling through Canada as a tourist make some casual observation touching upon the way we govern ourselves, and we rise up in arms and almost wave the bloody sword and say we will not be dominated by Downing street; let the British people mind their own business. I have often blushed at the way in which we have treated British visitors. But no offence is taken; Britain smiles and says: They are a young nation; they will learn better as they get older. Apparently it is right and proper that we should insult our friends but accept insults from other nations. Let me quote a dispatch from Tokyo. This comes through the Associated Press; it is no propaganda of mine got in some hole-and-corner way:

> Tokyo, March 7—Foreign Minister Koki Hirota declared in the Diet to-day that American-born Japanese, even though living in America, "should be educated as Japanese."
>
> The statement was in reply to questions from Bunji Suzuki, labour leader, who asked if the government had any educational policy for those of the "second generation."
>
> Hirota replied: "A majority of Japanese born in the United States in recent years cancelled Japanese citizenship. They must receive an American education. But they remain Japanese, and they should be educated as Japanese in order to retain Japanese virtues. For this purpose the semi-official migration association keeps close connection with them."

We know what that means. It means that Japanese born in this country are maintaining a dual nationality. They leave our schools and get educated in their own schools. I wonder whether we would tolerate that if it were proposed in the British parliament, for instance.

Both the Prime Minister (Mr. Mackenzie King) and the Minister of Mines and Resources (Mr. Crerar) referred to what happened in the United States. What did happen? In 1924 the United States put a complete ban upon oriental immigration, and both hon. gentlemen quoted what Japan said at that time, with the vague suggestion that we had better be careful. That was all that was said, and what happened; I asked the Minister of Mines and Resources? Just exactly nothing happened. Even trade continued to flow along the usual lines between Japan and the United States. Nothing happened because they knew the United States were well within their rights. Did they go to

war with the United States over that? They did not. The other day Brazil did the same thing. Japan made one of these infamous gentleman's agreements with Brazil, and I see that Brazil has become fed up with it and has passed a law cancelling the gentleman's agreement, imposing a very effective restriction against the Japanese. Did they go to war with Brazil over that? They did not. We read in the papers the other day that the government of Panama issued a most unfriendly, almost hostile, order that no Japanese fishermen were to come within so many miles of the coast of that country or they would blow them up. That is going pretty far; I would call that an unfriendly act. Did they go to war over that? They did not. Did they go to war with South Africa when that country negotiated a total exclusion agreement? Did they go to war with Australia or New Zealand when they did the same thing? They did not. If the Japanese swallow exclusion by these other countries but become insulted when Canada does the same thing, I say that is evidence of their insincerity, unsupported by any claim in international relationship or anything that governs as between friendly nations. When they say their pride will not permit them to be excluded, they are just as insincere as they are with all their talk about the loyalty of second generation Japanese. It comes out in their own parliament that they are arranging to have these second generation Japanese remain Japanese in thought and education.

Apparently the government is too apt to look at the Japanese angle and none other. Let us forget the Japanese viewpoint for a moment. Let us consider Canada; let us consider British Columbia, which will be a bloody shambles if there is a war in the Pacific. Let us think of that. Let us think of the Chinese viewpoint. The other day on the second reading of this bill the Prime Minister said that nations were slow to forget any injuries they thought they had sustained. Quite so; and he applied that to Japan. It also applies to China, does it not? Let us consider the Chinese viewpoint. In days to come we might be glad if we do something to make the Chinese forget that for sixteen years they have been excluded from Canada entirely, while we have let in Japanese. We have entirely excluded East Indians but have allowed Japanese to come in. It might be a good thing if we did something to make China forget that. It would be a fine gesture, would it not, not to give them any favour but to put the Japanese on equality with the Chinese, to put the two countries on the same basis. And it might be a good idea if we could help China to forget the way in which our minister treated them. We sent to Japan an infirm, old man, unversed in diplomacy, not acquainted with the country, and he allowed himself to be loaded up to the hilt with Japanese propaganda. Then he came back and disseminated it throughout Canada. It was not a globe-trotting tourist who could be passed by with a smile; he was our accredited minister. Do you think China has forgotten that? If we passed this bill it would be a gesture which would help them to forget it.

Perhaps it is a question of expediency; perhaps it is the goddess of expediency that governs. Let us take her off her pedestal and treat everybody on the same basis; let us check off our minister and treat them all alike. If expediency is to govern, by all means let us play with China, because Japan will not be a powerful nation for very much longer, and she does not know the meaning of the word gratitude. China will come back a strong, virile, united nation, with a sense of gratitude to those who have been her friends, and offering an enormous potential market of four hundred million people to take our goods. With no country in the world is it so dangerous to adopt an attitude of not standing up for your rights as it is with Japan. The school bully always gets more and more aggressive, pushing around people who do not want to quarrel with him, until some small boy half his size punches him on the nose and then everyone wonders why someone did not do it before. We cannot afford to adopt an attitude like that. Let us, as the French say, "Ayez du courage"; let us stand upon our own feet. "Dare to be a Daniel; dare to stand alone; dare to have a purpose firm." We need not be truculent; but let us stand up for our rights. That is the best way by which to bring about peace abroad and prosperity at home.

I have been accused of trying to stir up racial prejudice. Not at all; I have only pointed out the impossibility of assimilating such an alien race. One of the greatest obstacles to assimilation is the lack of marriage between the two races. The other day I saw a record of the births of one hundred thousand Canadian children; of that number I think only seven were Eurasian, and nearly all of those were the issue of white individuals and Chinese, not Japs. I think there was only one or possibly two out of the one hundred thousand born to white and Japanese parents. They do not want to marry us and we do not want to marry them. Look at Europe, where for centuries the Greek and the Turk have

lived together in enmity. The best that civilization has been able to do is to move them by the hundreds of thousands back to where they came from. Look at the Arabs and Jews in Palestine, where the best solution that can be devised by the British government is to put a fence down the middle of the country and keep each race on its own side. Yet we talk about assimilating these people.

There is another point, perhaps the most important of all. A new policy has been developed in the countries of the world. It is now considered right and proper for a nation to interfere in the affairs of another nation, provided the second nation contains enough nationals of the first nation. That is what happened in Austria; that is what will happen in Czechoslovakia. Never in the world has there been such a coup d'etat as occurred in Austria the other day, because they had so many German sympathizers in that country ready to take action. Suppose we should be told some day that because Japan had thirty thousand nationals in British Columbia she insisted that they must be given the vote and all the privileges our own citizens possess, the opportunity to become lawyers, doctors and all the rest of it. What would we do about that?

Will the government meet the wishes of British Columbia or defy them? Will the government say that it is going to govern without regard to the wishes of those governed? That is not democracy; that is autocracy.

It is nine o'clock, Mr. Speaker.

Mr. SPEAKER: The hour for private and public bills having expired—

Some hon. MEMBERS: It is not nine o'clock.

Mr. MACKENZIE KING: It is not nine o'clock yet, Mr. Speaker. Seeing there is still a little time left, I should perhaps direct your honour's attention to the fact that, under the ruling which your honour gave just a moment ago, this bill too is out of order; in fact, it would seem to me that the rule cited is even more applicable to this bill than the previous one, because, according to the words of the mover himself, it is impossible to understand this bill without some explanation. Again I would quote the paragraph from page 348 of Beauchesne:

In the text of the bill, on the left hand page, new matter shall be indicated by such typographical means as may best suit the varying circumstances of each case, such as brackets, underlining, asterisks, etc.—

Mr. NEILL: I rise to a point of order, Mr. Speaker. It is nine o'clock.

Mr. SPEAKER: The hour for private and public bills having expired, the house will revert to the order of business under consideration at six o'clock.

NORTHWEST TERRITORIES ACT

AMENDMENT RESPECTING SHIPMENT OR TAKING OUT OF FURS WITHOUT PROPER AUTHORITY

Hon. T. A. CRERAR (Minister of Mines and Resources) moved the second reading of Bill No. 110, to amend the Northwest Territories Act.

Mr. STEWART: Explain.

Mr. CRERAR: The purpose of the bill, Mr. Speaker, is to enable the government, through the council which administers the Northwest Territories, to exercise a closer control over the export or movement of furs from the Northwest Territories to any of the provinces. Abuses in this respect have developed during the last few years on account of the increasing number of people going into the territories and the augmented use of airplanes for transportation both into and out of the territories. Trappers frequently are taken to their trapping grounds by airplane and are brought out at the end of the season by the same method.

In 1927 the Northwest Territories Act was amended to provide that any one taking furs out of the territories must obtain a permit. A year or two later regulations establishing the charge that would be levied, was passed. This corresponds to the royalties imposed by every province in Canada on the taking of furs. This method worked very well, but, as I said a moment ago, the development in airplane transportation has led to evasions of the tax. It is suspected that much of the fur is being taken out without the necessary fee being paid.

This bill seeks to overcome this trouble by applying the principle applied by the Department of National Revenue in connection with excise collections. There is being added to the act a new section, the first clause of which reads:

A judge of the exchequer court of Canada shall grant a writ of assistance upon application made to him for that purpose by His Majesty's attorney general of Canada.

That is similar to the powers granted in connection with the administration of the Excise Act, only in that instance the writ of assistance may be secured from a judge

other than a judge of the exchequer court. Under authority of this writ of assistance the baggage of a passenger who is suspected of bringing out furs illegally may be searched. Other provisions in the amendment deal with the disposal of the furs and the vehicle by which they are being transported. Subsection 4 provides that sections 171 to 184 inclusive of the Customs Act shall apply. These sections would provide for the disposal of a vehicle that may be impounded.

The necessity of this provision is emphasized by the fact that there are practically only two airplane bases at which airplanes from the Northwest Territories would land. One is at Prince Albert in Saskatchewan and the other is at Cooking Lake, about fifteen or eighteen miles from Edmonton. When a trapper is suspected of bringing out furs illegally, it is impossible to get a regular search warrant to authorize the search of his luggage before he gets away. Once he gets away, it is almost impossible to locate him again. Provisions of this bill would enable prompt action to be taken.

For the information of the house I might say that the total value of the fur catch in the Northwest Territories for 1935-36, the latest figures obtainable, was $1,188,000 in round figures. In 1934-35 the value of the catch was $1,678,000. At the present time the cycle of the fur catch is low, but several years ago the value of the catch ran over $2,000,000. In 1926-27 the value was almost $3,000,000. The revenue from this fur catch amounted to $57,000 in 1938. The revenue in 1936 was $105,000, and in 1935 it reached the highest point in any single year, $146,000. This matter has been receiving the attention of the Department of Justice, the Royal Canadian Mounted Police and the Northwest Territories council, and they have come to the conclusion that the best method of dealing with these abuses is by means of the amendment to the act which I am now asking the house to adopt.

Hon. H. A. STEWART (Leeds): Mr. Speaker, the principle of this bill seems to be to strengthen the powers behind this law and to provide additional facilities for preventing the abuses which apparently have grown up. Assuming, as we must, that the law is sound, I can see no objection to the principle of this bill. There is no question that our laws should be enforced and that we should provide adequate machinery and facilities for that purpose.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

[Mr. Crerar.]

On Section 1—Judge to grant writ of assistance.

Mr. STIRLING: Is there any connection between this bill and the spectacular fur robbery that occurred two years ago somewhere south of Aklavik?

Mr. CRERAR: I do not recall the particulars of the incident to which my hon. friend refers. There may be some connection, but I cannot state definitely at the moment. Furs have been taken out illegally from the territories, and this practice is tending to grow and, I think, will grow still further with the increased use of the airplane. A trapper may go to his trapping ground by airplane, and an airplane brings him out when his trapping season is over. He does not report his furs to the authorities. He comes out, lands his furs at Edmonton, we will say, or Prince Albert, and sells them and there is no way of apprehending him. I am not a legal man and am not familiar with legal phraseology; but I understand that a writ of assistance is a sort of continuing search warrant issued to a particular individual; as I stated a moment ago, the bill has received the careful study not only of the officers of the department but of the mounted police and officers of the justice department as well, and the result of their combined wisdom as to how best to check this evil is the bill now before us.

Mr. STIRLING: How, practically, will the trapper go to work? Will he go to an official of the department and ask for permission to export so many furs?

Mr. CRERAR: Yes; he is given a licence unless he is a native of the Northwest Territories. Indians and half-breeds are not required to take out a licence. The trapper is supposed to report his furs out at the expiration of his period of trapping; but in some cases he fails to do so, or he may report only part of his furs and sell the balance, and there is to-day no way of ascertaining whether he is reporting correctly. This provision is to enable a search to be made where it is suspected that a person is selling furs and evading the tax he should pay.

Mr. PELLETIER: Are the provinces in any way concerned with the regulations respecting furs illegally caught or sent out? Has there been any recommendation from any of the provincial departments of lands and mines with respect to the matter?

Mr. CRERAR: This relates to the Northwest Territories.

Mr. PELLETIER: But the minister said that the furs coming out of the Northwest Territories would be landed at Edmonton or Prince Albert, and I was wondering if the provincial governments had any jurisdiction, and, if so, if they had made any recommendations to the federal department.

Mr. CRERAR: No; they have made no recommendations. As a matter of fact, they are not interested in the furs that come out of the Northwest Territories because they do not collect any royalties on such furs. It is purely a matter of interest to the federal administration.

Mr. CAHAN: I assume that the search under this proposed amendment can take place only within the Northwest Territories. It certainly is not intended to give these officers any special jurisdiction in organized provinces.

Mr. LAPOINTE (Quebec East): No; it has to be within the jurisdiction of the court or judge granting such writ.

Mr. CAHAN: Quite so. I was simply replying indirectly to what the hon. member for Peace River (Mr. Pelletier) had said.

Mr. STEWART: As I read the explanatory note, the offence is the carrying out or removal of furs from the territory. It says:

No person shall export, carry or cause to be exported or carried out of the Territories, any furs, without first having obtained a permit to do so.

That permit would not necessarily be issued to the trapper at all. I take it that a person might go in and buy the furs.

Mr. LAPOINTE (Quebec East): That is the law as it is now before this amendment.

Mr. STEWART: Will that not be the law still?

Mr. LAPOINTE (Quebec East): My friend is reading the provision under the law of May 7, 1929. The amendment is for the purpose of enforcing that law.

Mr. STEWART: I understand that; but suppose a person goes in to buy furs, and buys them from a native or trapper; he is the one who must take out a licence.

Mr. CRERAR: He takes out a permit, but before he gets the permit the authorities have to be satisfied that the proper tax has been paid.

Mr. STEWART: Exactly, before he gets the permit to take it out. Then I notice that the exchequer court is the court that may issue the writ. Is there any other court having jurisdiction there and authority to issue the writ?

Mr. CRERAR: No.

Mr. STEWART: No other court or authority that could exercise the powers outlined in the bill?

Mr. CRERAR: No. In that respect, as I said a few moments ago, this section is a little bit narrower than the similar section in the Customs Act dealing with the excise duty.

Section agreed to.

Bill reported, read the third time and passed.

NEW WESTMINSTER HARBOUR

EXTENSION OF BOUNDARIES AND REMUNERATION OF COMMISSIONERS OUT OF HARBOUR REVENUES

Hon. C. D. HOWE (Minister of Transport) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce amendments to the New Westminster Harbour Commissioners Act to extend the boundaries of the harbour and to provide remuneration for the services of the commissioners out of harbour revenues.

Motion agreed to and the house went into committee, Mr. Sanderson in the chair.

Mr. HOWE: Mr. Chairman, the bill founded on the resolution divides itself into two parts, as the resolution indicates. The first part is to include in the boundaries of New Westminster harbour a small area lying between the present jurisdiction of the New Westminster harbour commission and the jurisdiction of the North Fraser harbour commission. This area arises out of a change in the boundaries of the North Fraser harbour commission, and it is desirable to have either one commission or the other have jurisdiction over it.

The second part provides that the governor in council may set up such remuneration for the New Westminster harbour commission as the government may determine. The present situation is somewhat unsatisfactory. No provision is made for paying the commissioners, so the remuneration is obtained through appointing the chairman the commission manager of the port, for which he draws a substantial salary, and I believe that part of his salary is paid by him to his two fellow commissioners. It is believed that it is not desirable to do indirectly a thing which is not provided for in the act. Similar harbour commissioners throughout Canada are paid

small salaries for their services, and the government believes that the request of the city of New Westminster should be granted and that provision should be made for the remuneration of the harbour commissioners.

Mr. STIRLING: Is this an area which at present is in the North Fraser area, and is it going to be put into New Westminster?

Mr. HOWE: No; this is a sort of no-man's land between the two. At one time it was included in the North Fraser harbour commission jurisdiction, but the boundaries of the North Fraser harbour commission jurisdiction were changed some three or four yeras ago, and for some reason that I cannot explain this territory was dropped from the jurisdiction of the North Fraser commission. At the moment it is administered by the Department of Transport, but I believe it should be administered by one or other of the harbour boards, and it seems properly to come within the jurisdiction of the New Westminster harbour commission.

Mr. STIRLING: Who now owns it?

Mr. HOWE: It is owned by the crown and administered by the Department of Transport.

Mr. NEILL: Would the minister tell us how many commissioners there are, what their proposed remuneration is, and from what source it will be obtained? Will it be from harbour dues?

Mr. HOWE: There are three commissioners. It is proposed to pay each of the three a small salary from the revenues of the port. The port of New Westminster is, of course, a very busy one—

Mr. STEWART: A free port.

Mr. HOWE: —and it has substantial revenues. The business is considerable, and it takes a good deal of the time of the commissioners. It is proposed to pay each of the commissioners a small salary for part-time work.

Mr. NEILL: I assume the remuneration will be paid from charges obtained on freights coming into the harbour, harbour dues.

Mr. HOWE: There are no harbour dues, but there are certain revenues from leaseholds, ships' dues and one thing and another, including wharfage. The revenues of the port are quite considerable, although there are no harbour dues on ships, and this bill does not propose that such dues shall be instituted.

Mr. WALSH: Are there three harbour commissioners there at the present time?

[Mr. Howe.]

Mr. HOWE: Yes. The late chairman, who is the appointee of the city, died recently; but the city have made a nomination to replace him and the nominee has been approved by the government, so there are three harbour commissioners. It is the practice to pay the chairman of the harbour commission of the harbour, and has been for some time, a salary as port manager. Of course it is somewhat irregular to have a member of a commission also an employee of the commission, which he is in fact under this arrangement; and instead of paying a salary of that kind to a commissioner as port manager it is proposed to pay each of the three commissioners a small salary. Perhaps the expenses of the port under this arangement will not be larger than they are at the present time.

Mr. WALSH: There will be no port manager appointed to replace the presumed retiring official?

Mr. HOWE: I cannot say as to that. Whether a manager will be appointed is a matter for the commission to decide. It is my understanding that it is not the intention to have a port manager appointed. However, I am not promising that for the future.

Mr. WALSH: This measure will not entail any additional expense as far as the Department of Transport is concerned? Revenues at the harbour will be ample to cover any additional expense which may be involved in paying additional commissioners over and above what has been paid in the past to the chief commissioner?

Mr. HOWE: That is correct. The Department of Transport makes no contribution whatever to harbours of that class. This property is largely owned by the city. In every instance the harbours are self-sustaining.

Mr. WALSH: Would the minister care to comment on the principle involved in this measure, of paying harbour commissioners to look after the interests of a harbour, rather than having three commissioners on a voluntary basis, for the honour that goes with a position of that kind and the opportunity of service to their city?

Mr. HOWE: It is the practice in almost all harbours of this class to pay the commissioners. The work is exacting. New Westminster harbour is one of the very large and busy harbours of Canada. A great deal of time is required by the commissioners to handle their work as harbour commissioners. They are also the pilotage authority there. They have the jurisdiction of the river for, I

believe, some twenty miles. To do their work properly requires a great deal of time. In my opinion it is entirely proper that these commissioners should be paid small salaries, not large salaries, for the time they give.

Mr. WALSH: I do not know whether I quite agree with the principle involved, because to pay even a small salary for an appointment of this kind means that the position is liable to become somewhat political in its aspect, and the prey of office seekers. With each change of government some persons in New Westminster or the immediate vicinity will desire to replace these three commissioners, whereas if the commissioners were undertaking the task on a voluntary basis of service to their city you might get a higher type of person interested, and you would not be so likely to have a change, if the service had been satisfactory, with every change of government. I know there is a considerable agitation at the present time, in other harbours under the jurisdiction of the national harbours board, to have honorary commissioners under the jurisdiction of the board. The idea expressed is that these honorary officials would be particularly interested in their respective ports and in the cities which are especially connected with those ports. Here we have a departure from a principle which I think is a rather good one. I feel sure, judging by the calibre of the federal representative from New Westminster that there must be many people living in that city who would be glad of the opportunity to have this honour conferred upon them and to work in the interests of their harbour and their city.

Mr. REID: I know it.

Mr. WALSH: Particularly in cooperation and collaboration with the federal member for that district.

Mr. REID: I know it.

Mr. WALSH: I believe that thereby the service would be very much improved. These men, without remuneration, would enter enthusiastically into their work; they would look at their positions from an altruistic point of view rather than from the viewpoint of the remuneration that they might receive. I am convinced that their services would be much more efficient. After all, you cannot get the type of man whom you would like to have actively interested in such a harbour as New Westminster, at the remuneration that you are prepared to pay. The compensation which may be given would not command the services of the best men available; at any rate it would not command their best service or their full-time service. I feel that the principle involved in this proposal is one which is to be regretted. I urge upon the minister and the committee the desirability of amending this measure in such a way that we might at least try out for a period of time a service of commissioners who would not undertake the work for the sake of the remuneration which might be in it. I should like to hear an expression of opinion from the hon. member for New Westminster, who knows the situation better than I do. I am speaking only of the condition in general and discussing a principle. He knows the actual situation in detail. I should like him to make a statement regarding the principle involved in the bill and whether, in his opinion, the minister is correct in his presentation of it, or whether the ideas I have given voice to might not be more acceptable to the people of New Westminster than the sentiments expressed in the bill itself.

Mr. REID: I shall be pleased to do so on the second reading of the bill.

Mr. HOWE: I think we have an ideal situation at New Westminster from the point of view of my hon. friend. We have a commission made up of two Conservatives and one Liberal, all active in the pursuit of their faith. The chairman of the board is an active Conservative. In my opinion we have excellent harbour commissioners at New Westminster. I believe the progress of the port has been due largely to the attention they have given it. The commissioners themselves have urged that the change be made. They realize the anomaly of being paid more or less by subterfuge, and they think it would be better in the interests of the port for them to be paid direct and legally rather than by the present method. The city of New Westminster, which owns a large part of the port, has endorsed the opinion of the harbour commissioners, and it is the view of the government that the recommendation is one which can very well be implemented.

Mr. STEWART: Has the government considered the wisdom or the feasibility of having this harbour operated, as other harbours are, under the national harbours board? That is the plan which has been adopted; it is an attractive proposal, and I do not know whether the experience of the minister would enable him to express an opinion on the advisability of having this harbour operated in that manner. We are told that it is an important harbour with a great deal of business, and possibly it might come under the jurisdiction of the national harbours board.

Mr. HOWE: The position of New Westminster harbour and of a number of others, such as the harbours at Hamilton, Toronto and three or four other places that I could mention, is somewhat different from the position of the eight harbours that have been brought under the national harbours board. Whereas in the case of the eight harbours that are under the national harbours board the larger part of the investment is federal, in the case of New Westminster, Toronto and Hamilton the larger part of the investment is municipal. Under the act the municipality is entitled to representation on the board, and the funds of the harbour in excess of those required to operate or improve the port revert to the city. In the case of these harbours the city has a much larger equity than the federal government. We looked into the question when the harbour board act was passed, and consideration was given the position of these harbours. It was thought then, and I have no reason to change my opinion, that harbours of that type where the investment is largely municipal should not be brought under the board.

Mr. STEWART: The minister says that the investment is largely that of the city of New Westminster. I have no doubt that is correct with respect to the harbour itself, but I am sure he will agree that very substantial amounts have been expended in dredging in the Fraser river for the purpose of making conditions in the harbour satisfactory; and from time to time, I believe, that must continue. Other control works also have had to be constructed all for this purpose. It appears to me, therefore, that there is a substantial investment on the part of the dominion as well as of the city in the harbour or in something that is necessary to make the harbour a success.

Mr. HOWE: I quite agree that the dominion government have spent large sums in order to make the Fraser river navigable, but I doubt whether that has any particular bearing on the administration of New Westminster harbour. Similarly, I doubt whether the fact that the federal government have spent very large sums in developing the St. Lawrence river has any particular bearing on the administration of the ports along the St. Lawrence. Fraser river is the largest river on the Pacific coast and is an important artery of traffic, and whether the port of New Westminster were there or not considerable expenditures for improving navigation on the Fraser river would be warranted. However, as I say, this port falls into the category of ports in which the city has a definite and large investment. The city has from time to time invested considerable sums in port improvements and these sums are a charge on the taxpayers of the city. It would be considered a high-handed act for the Department of Transport to step in and take over the harbour for operation under the national harbours board.

[Mr. Stewart.]

Resolution reported, read the second time and concurred in. Mr. Howe thereupon moved for leave to introduce Bill No. 111, to amend The New Westminster Harbour Commissioners Act.

Motion agreed to and bill read the first time.

RADIO BROADCASTING

REVISION OF RADIOTELEGRAPH ACT—CLARIFYING SECTIONS DEALING WITH LICENSING RADIO RECEIVING SETS

Hon. C. D. HOWE (Minister of Transport) moved the second reading of Bill No. 52, respecting radio in Canada.

He said: This bill repeals the present Radiotelegraph Act, revising a number of clauses therein. The necessity for changing the act at this time arises out of the fact that all paragraphs in the Radiotelegraph Act having to do with shipping have been included in the Canada Shipping Act, 1934. Therefore there is at present a duplication between the two acts. While the clauses now included in the Canada Shipping Act are being deleted from the bill, the language of the bill is being modernized. The Radiotelegraph Act was passed twenty-five years ago. Since then matters relating to communication through the ether have developed greatly; additional uses of the ether waves have been developed, and new developments in radio broadcasting have occurred for which the present act has no proper provision. The purpose then is practically the rewriting of the Radiotelegraph Act in modern language and with provisions suitable to present day conditions.

Mr. STEWART: Will this bill have any effect upon radio broadcasting under the broadcasting corporation?

Mr. HOWE: The Radio Broadcasting Act governs the Canadian Broadcasting Corporation. This bill does not alter their position in any way. But the bill governs the relations of the Department of Transport to radio broadcasting in this way, that is it covers the collection of fees, the regulation of wave lengths and certain general regula-

tions which touch radio broadcasting as well as radiotelegraphy or any other use of the ether waves.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Short title.

Mr. LAWSON: Perhaps this is the proper section on which to raise a matter that relates to this bill in particular, and in general to a practice which is growing up in this house in connection with bills, and which I think should be drawn to the attention of the minister. I refer to the practice of giving in the explanatory notes information which is misleading and, in some instances, deceptive. I observe that the explanatory notes to this bill read:

> The proposed bill is a revision of the Radiotelegraph Act, R.S.C. 1927, c. 195. It is revised at this time primarily because those sections referring to ships have been transferred to the Canada Shipping Act, 1934. At the same time, this has provided an opportunity to clarify and somewhat strengthen some of the remaining sections of the act, particularly with regard to the licensing of radio receiving sets used for broadcast reception.

These notes are exceedingly deceptive. The truth of the matter is that this bill introduces three new principles not previously contained in the Radiotelegraph Act so far as that act related to receiving sets and radio broadcasting. Let me outline them briefly, and as we come to them section by section I shall deal with them in detail.

In the first place this bill establishes the new principle that a radio licence collector or inspector can enter and search a man's house on a mere allegation by him before a magistrate that there is a radio receiving set in the possession of the occupant of that house. Under the old act it is true that a duly constituted and duly sworn and properly instructed police officer, a regular officer of the crown, could obtain a search warrant. But by this bill that power is extended to a radio licence collector.

The second point is that under this bill the mere possession of a radio receiving set, even though it may not be in operation, even though it has never been in operation, is made an offence. Not only is it made an offence, but it is made an indictable offence. And the indictable offence is punishable, not by the alternative of fine or imprisonment, because once one is convicted of that indictable offence the judge or magistrate must impose a fine and a penalty within the limits prescribed by the bill.

In the third place, if a person is charged with an offence under this bill, even the mere possession of a radio receiving set, and despite the fact that it is an indictable offence punishable with severe penalties as I have mentioned, the onus of proving his innocence is put upon the accused.

Those are three separate and distinct departures in principle from anything previously contained in the Radiotelegraph Act. Therefore I take this opportunity, on the very first section of this bill, of protesting against the explanatory notes given at the head thereof, and in general against explanatory notes which may be attached to amending bills in this house. It may be that I am endeavouring to set too high a standard. But I think a responsibility devolves upon a minister of the crown, when he introduces a bill in this house, to see that the explanatory notes are truly explanatory of the principles involved in the bill; and where there are radical departures from former legislation, such as there are in this bill, those departures should be clearly and distinctly drawn to the attention of the house, so that hon. members may not be misled by such notes as those which appear in this bill.

Mr. HOWE: The remarks of my hon. friend simply illustrate how deception can be found if a man is looking for deception. It seems to me that the explantory notes definitely call attention to the fact that we are strengthening the provisions of the present act. It says:

> . . . this has provided an opportunity to clarify and somewhat strengthen some of the remaining sections of the act, particularly with regard to the licensing of radio receiving sets used for broadcast reception.

How could that be made any clearer? As to providing for search, the first searches under this act were made in 1933. I remember very well my wife was almost frightened out of her life when a mounted policeman accompanied the radio inspector to our house and demanded to see her licence. I think my hon. friend was a minister of the crown at that time.

Mr. LAWSON: No; I had not that honour.

Mr. HOWE: Let me read the section of the old act and see if there is any material difference:

> 11. If a justice of the peace is satisfied by information on oath that there is reasonable ground for supposing that a radiotelegraph station has been established without a licence in that behalf, or that any apparatus for radiotelegraphy has been installed or worked in any place or on board any ship registered in Canada

within his jurisdiction without a licence in that behalf, he may grant a search warrant to any police officer or any officer appointed in that behalf by the minister and named in the warrant.

2. A warrant so granted shall authorize the officer named therein to enter and inspect the station, place or ship and to seize any radiotelegraph apparatus which appears to him to be there used or intended to be there used for radiotelegraphy.

I need not read the next paragraph, which provides the penalty for establishing stations and apparatus illegally. I see no great change in principle in this bill as compared with the old act, except that this bill makes it unnecessary to terrorize a house owner, as is done at the present time by a police officer in uniform marching into the premises.

Mr. LAWSON: Let me point out the difference to the minister, if he does not see it. In the first place, under the old section it was no offence to be in possession of a radio. Let me give him the words that are added to the present section:

If a justice of the peace is satisfied by information on oath that there is reasonable ground for believing that a radio station—

Then these words are added:

—or a private receiving station has been established without a licence, or that any radio apparatus has been installed, or is being operated—

Then these words are added:

—or is in possession of any person in any place in Canada—

The minister says there is no deception. When a bill of this kind is introduced into this house, why should they not come out frankly and say in their notes what is the situation. The truth of the matter is that prosecutions were launched, and in the case of Rex v. Gignac, the citation of which I have not at the moment but which I could get if I had time to go upstairs, it was held by our courts that merely to prove that in a man's house there was a radio receiving set was not sufficient to convict that man of one of two offences, namely, that of establishing a radio station or that of operating a radio station. Because of that decision the government now proposes to amend this act to make it an offence to have in one's possession a radio receiving set, even if you never connect it and never operate it. At the moment I am not dealing with the principle of whether that should or should not be an offence.

Mr. HOWE: Does my hon. friend say it is deception, when the courts say that is irregular, to correct the law?

[Mr. Howe.]

Mr. LAWSON: No; I do not say it is deception to correct it; what I do say is that it is deception to introduce a bill into this house and to insert a headnote stating that this is a revision of the Radiotelegraph Act, and that it is revised at this time primarily because those sections referring to ships have been transferred to the Canada Shipping Act, 1934.

Mr. HOWE: Is that a fact, or is it not?

Mr. LAWSON: I leave it to the members of this house whether or not, in view of the actual changes, that is a deceptive statement to insert in a headnote for the information of hon. members.

Mr. LAPOINTE (Quebec East): "At the same time—"

Mr. LAWSON: Yes; it goes on to say:

At the same time, this has provided an opportunity to clarify and somewhat strengthen some of the remaining sections of the act—

It is not the intention, by this bill, somewhat to strengthen anything. The truth of the matter is that by this bill you create a new offence, and that new offence is to merely be in possession of a radio. You not only create that offence; you create it as an indictable offence, and on top of that you do not allow any discretion to the magistrate or judge as to penalty. He must impose both a fine and imprisonment; and on top of all that you put the onus of proving his innocence upon the man who happens to be in possession of the radio receiving set. That, I say, is a deceptive explanatory note; I protest against it, and I think the practice should be stopped.

Mr. LAPOINTE (Quebec East): What my hon. friend has read is merely a preliminary explanation. The rules require that every change shall be explained. The changes are contained in the various sections of the bill which follow. Each has an explanatory note on the opposite page. This preliminary explanation was not necessary at all; it is simply to give more information to my hon. friend. It was not essential. What the rules require is that the changes should be explained as they occur, section by section. If the explanations are given properly with regard to each section of the bill, surely my hon. friend does not complain because this has been added at the beginning.

Mr. LAWSON: I would not complain of any specific thing if it stood alone; but let me put this to the minister. In the bills brought into the house by the Minister of Justice I have noticed that he is particularly careful to see that every change

is made clear to the members: he even goes to the extent, I have noticed in the bills he sponsors, of having the words that are new in each section of the amending act underlined, which calls them to the attention of the members. I ask the minister to go through this amending bill from one end to the other and find one section where the added words are underlined. I notice another thing about the bills introduced into the house by the Minister of Justice. In the explanatory notes on the right hand side he will specify the changes that are being made and the extent of them. Let me give the minister a concrete instance, though I might deal with this very section. I pick out one in particular to illustrate what I mean. Let me read the note opposite section 9 of this amending bill:

> 9. This is existing section 11, paragraph 1, reworded to clarify and conform to revision made in new section 5.

As a matter of fact, section 9 creates a new offence, namely, merely to be in possession of radio receiving apparatus. Let us go back to section 5. The explanatory note reads:

> This is existing section 6 reworded to clarify the intention.

Whose intention? The intention of the parliament that passed the original act was determined by the courts of the land in the case of Rex v. Gignac. Why not come out frankly in this bill and say in an explanatory note, "Because the courts have held that it is not an offence merely to be in possession of a radio, this section is intended to make mere possession an offence under this act?" That gives a concrete instance of what I have in mind in the protest I am making to the Minister of Justice.

Mr. STEWART: I am sure we are interested in the remarks of the hon. member for York South; and in view of the curtailed explanation and statement made by the minister on the introduction of this bill, and the explanations of some of these sections that have been given by the hon. member who has just spoken, I think in a measure his comment is justified. Speaking for myself, from the statement of the minister I gathered that this was a trivial, insignificant bill; that about all it did was to rewrite the existing act because certain provisions formerly in the act may now be found in the Canada Shipping Act. But now it appears that in addition we are having a flock of new offences created, new penalties imposed and people rendered liable to proceedings and prosecutions in a way that was not possible formerly. It seems to me that there are some grounds for the protest made by the hon. member for York South. In view of the statement of the minister I am surprised to find these provisions in the bill. In the light of the statements that have been made I am sure that we shall give the different sections careful consideration as we go along.

Section agreed to.

Section 2 agreed to.

On section 3—Powers of governor in council.

Mr. LAWSON: Paragraph (e) of this section is new. This section generally empowers the governor in council to prescribe the tariff of fees to be paid for radio receiving licences, authorizes the payment of a portion of the licence fees in effect to the Canadian Broadcasting Corporation, authorizes the governor in council to accede to any international convention and make regulations for the censorship and controlling of radio signals. The new paragraph (e) reads:

> (e) make regulations imposing a penalty not exceeding $50 and costs or three months' imprisonment for the violation of any regulation made under this section for which a penalty is not already herein prescribed, and to provide that any such penalty may be imposed upon summary conviction.

I object to this form of legislation, irrespective of whether it is in this bill or in any other bill. When you impose penalties upon the subjects, who are all the people, I think those penalties should be prescribed in the law of the land. If it is the desire of the government to have a provision imposing a penalty I suggest to the minister that he have in this bill a separate section prescribing that for any offence under it, where no other specific penalty is imposed, the penalty shall be not exceeding $50 and costs or three months' imprisonment. I suggest that the principle of fixing, by governor in council, penalties for offences is wrong under any system of responsible government. I am not criticizing this bill in particular, but I suggest that this section be taken out. If you want to have such an omnibus penalty provision, let parliament say what it is going to be and have it included as a separate section.

Mr. CHURCH: Mr. Chairman, I referred to this matter the other day. I do not wish to criticize the minister, but I think it was a great mistake to have a debate go on such as we had the other day, and then to have to listen to the remarks of this man Ferguson

from Winnipeg. This gentleman and his kind are opposing the broad principles of the Chamberlain government, in relation not only to the League of Nations but to international affairs. The Prime Minister of Great Britain has ordered the British Broadcasting Corporation to stop many of these broadcasts. Just the other day I was reading criticisms of this policy in two or three eminent British papers. I have placed on Hansard just what Mr. John Buchan said with regard to this when he was a member of the British house.

These are troublesome times, but even we cannot discuss matters of this kind. It may be because the Prime Minister has been busy with other matters, but the fact is that a large number of the public hear these debates over the radio. Wrong facts or half truths are broadcast, and we hear statements absolutely opposed to the policy of the British government in connection with international agreements. I think the time has come when broadcasts of this kind should be stopped. This should be done not only in the public interest but in the interest of the British Empire.

We are prohibited from discussing questions such as Japanese immigration and the rule of Japan in the Pacific. When we as members of a free parliament start to discuss these matters points of order are raised, but the radio commission permit debates to be broadcast which are certainly objectionable to a large portion of the population of Ontario and some of the other provinces. I have read a criticism that was made in the British House of Commons of such discussions. The hon. members for Rosetown-Biggar (Mr. Coldwell) and Essex East (Mr. Martin) spoke over the radio in a network linked up by the CBC with the NBC. I did not hear their addresses as I was on a train at the time. I read, however, with interest, their speeches on other matters.

They discussed what Mr. Cordell Hull said after the Brussels conference. What was the result of the Brussels conference? It was a failure. The British ambassador, Sir Ronald Lindsay, left his office on one side of Washington and walked a block or two to the office of the secretary of state. He asked him if the United States would join with Great Britain in making a protest to Japan, and he was told that the United States were going to act alone. All these matters come under what I describe as pan-Americanism. This broadcast was absolutely opposed to the interests of the British Empire. We are not depending upon the Monroe doctrine; we are not depending upon pan-Americanism; we are depending upon the British army, the British navy and the British fleet to protect our shores.

What right has an outside commission to go over the heads of parliament? My right hon. leader asked if the government had been consulted at all. If we have any powers, why does the governor in council not reassert itself on behalf of this parliament and prevent these broadcasts under paragraph (d) of this section? I have no desire to criticize the commission or any official in it, but this is the view that I have taken in this house for many years. Mr. John Buchan, speaking in the British House of Commons when a member of that body, said that society consisted of the crank, the sentimentalist, and that appalling creature the publicist. Those are his words in criticizing the League of Nations Society. Two hon. members of this house and an outsider were engaged in a discussion the other day over the Canadian Broadcasting Corporation's service which was linked up with the broadcasting lines of the United States. In my opinion that broadcast should not have been allowed.

In section 3 we have the powers of the governor in council set out, and I trust that the governor in council will take the responsibility for acting in such a situation, because if we pass this section, which is a new one, the governor in council is directly responsible for what these people say in their discussions over the air. The government stopped it in England where it was held to be contrary to public policy, but anyone can go on the air through the Canadian Broadcasting Corporation and enter into discussions that are not in the public interest. In the great crisis of the past six months the settled policy of the Chamberlain government has saved not only the empire but the whole world from war.

Mr. MACKENZIE KING: Mr. Chairman, I must say that I find myself very much in sympathy with the hon. member for Broadview (Mr. Church) in the remarks which he has just made. At the present time we have been very careful not to discuss in this parliament the proceedings of other parliaments, and I believe that a rule which we find it advisable to observe here should also be observed by the commission in connection with broadcasts that may be made under its authority.

These are very critical times, as all hon. members of the house know, and as the citizens of the country generally know. In ordinary times we would not think of criticizing in this parliament the policies of a government or the proceedings of a parliament of another

part of the British Empire. The policies of Great Britain, of Australia and New Zealand are their own policies, their own domestic affairs, and it is not for this parliament to say whether Liberals or Conservatives or the Labour party of Great Britain are right or wrong in what they are advocating.

So far as any policy relates to our own affairs, we are at perfect liberty, of course, to discuss as fully as we please the effect of government policy. What I am referring to at the moment is not whether, with respect to some particular matter, a policy is right or wrong. Each country is free to discuss in its own parliament any policy from the point of view of that country itself. I do not think, however, that one parliament should become critical of the proceedings of another parliament in another part of the world, particularly in times like these. What applies to debates in parliament should apply equally to broadcasting under a commission which derives its authority and powers from parliament.

One of the great difficulties in Europe, a condition which make the situation there so impossible of solution, is the perpetual broadcasting by one country of its comments upon the internal affairs of some other country. I think the British government have very wisely taken the view that while they wish to accord the greatest liberty possible to broadcasting, it is not proper either in parliament or out of parliament for criticisms to be made of the internal affairs of other countries where those criticisms are likely to prove embarrassing to the government and administration of the day. I think it is only right to say what I have said; and possibly more is not necessary at this time to ensure that by the commission itself a policy will be followed similar to that which all hon. members of this house seek to follow in their discussions.

Section 3, paragraph (a) and (b) agreed to.

On section 3, paragraph (c).

Mr. BLACKMORE: It seems to me, Mr. Chairman, that a penalty of not exceeding $500 is a tremendously severe one to be left in the hands of the governor in council without reference to parliament. I may be inexperienced in these matters, but it seems a severe penalty to me.

Mr. HOWE: There is no change in that provision. It is a very serious offence to interfere with an international convention. There are on this continent only 107 channels for broadcasting purposes, which must take care of 900 existing radio stations, and it will therefore be realized that there must be very efficient policing by each country of the channels within it. This provision is in the present Radiotelegraph Act. Those charged with administering these acts realize what a very serious offence it is to interfere with an international convention.

Paragraph agreed to.

On section 3, paragraph (d).

Mr. LANDERYOU: This seems to be quite a paragraph. The governor in council may "make regulations for the censorship and controlling of radio signals and messages in case of actual or apprehended war, rebellion, riot or other emergency." The government is going to make regulations in respect of all these matters. What is meant by "other emergency"? What does the government consider an emergency?

Mr. HOWE: This is no change from the present legislation. Of course, to be recognized by a government as an emergency a situation must be a very, very serious one. The only change we are making here is to change the word "radiotelegraph" to "radio."

Mr. BLACKMORE: In view of certain things which are being rumoured and the power which is here being given to the governor in council to deal with all these matters and "other emergencies," and to prescribe the punishment when the emergency is merely apprehended, it seems to me that we are conferring power upon a group of men, whoever they may be or whenever they may be acting, which will render them pretty nearly absolute dictators of the use of radio in this dominion. I personally object to that very strongly. I believe in freedom of speech. I believe in free discussion. I am completely in sympathy with the remarks of the hon. member for Broadview (Mr. Church) and of the Prime Minister (Mr. Mackenzie King) with respect to not discussing matters affecting other states that may cause complications in their domestic affairs and trouble perhaps between them and us. But I think we cannot do otherwise than face the fact squarely, that there is a disposition on the part of certain people in this country to say that other people are wrong and to prevent them, whether they are right or wrong, from discussing what they have to say. This is going to lead to disaster as sure as we live, because men are going to become more and more bitter, as they are doing, and where we are going to end no one can foresee. I believe it would be quite in order for me to suggest to the minister that some change be made in the wording of this

paragraph so as not to leave it entirely to the governor in council to decide what the term "other emergency" shall mean.

Mr. WEIR: What does my hon. friend think about the licensing of the press then?

Mr. BLACKMORE: The important thing at the present time is the use of the radio; but since my hon. friend has been impertinent enough to break in with another matter not in any way connected with this, let me tell him that the "licensing of the press" made no attempt to prevent any party or group from presenting its views at as great a length as it desired. The Alberta government never attempted to limit free discussion or intended to do so. But just as sure as we are in this chamber to-night, there have been attempts made to prevent in this country free discussion of vital matters pertaining to our domestic affairs. I do not charge the minister with any wrong intention, because I have a great respect for him, and as he says, these words were in the previous act. But in the light of conditions as they are to-day we cannot be too careful. If fascism has its word to say, I should like to hear fascism express itself fully and completely over the air, so that we can all hear about it; and if communism has a case to present, let it do the same, so that the people may hear the whole story. Then, if liberalism, conservatism, the cooperative commonwealth federation and social credit have ideas which can compete successfully with those ideologies, let the people hear.

Mr. SPENCE: Shut them all off.

Mr. BLACKMORE: There we have the voice of fascism—"shut them all off!" I just wish to register my disapproval of that wording, and to urge the minister that it will be wise to specify just what is meant by it. Let me repeat that to give this body power to decide what is an emergency and what is an apprehended emergency is conferring upon them tremendous powers.

Mr. HOWE: This act has been on the statute books in its present form since 1913. It was invoked only during the years of the great war, and all countries find such a provision a very necessary part of carrying on war. I think there is no possibility that the governor in council will invoke it for any minor situation.

Mr. LANDERYOU: Nevertheless it places a tremendous power in the hands of the governor in council. I believe that regulations governing this question should be set out by parliament. Otherwise entirely too much power is being placed in the hands of the governor in council, which may not be used in the best interests of large sections of the people of Canada. We know how the power has been exercised in the past by the governor in council, and that some people in this country have not been pleased with it or have not derived much satisfaction from the powers they have exercised. Now is the time parliament should assert itself and establish regulations regarding these matters, and not leave them entirely in the hands of the governor in council.

Paragraph agreed to.

On section 3, paragraph (e).

Mr. LAWSON: I suggest to the minister that he very seriously consider, in that connection, that a penalty be prescribed not by regulation, making a separate section of the act, if he so desires, to provide that for offences for which no specific penalty is prescribed there shall be a penalty not exceeding a fine of $50. Probably the Minister of Justice would agree with me, if he gives the matter a moment's consideration, that it is not good legislation to have penalties prescribed by the governor in council on general principle. I admit there is an exception in the case of the preceding one, covered by section 3 (d), because that is to meet an emergency condition under emergent circumstances, but this paragraph (e) is only to deal with ordinary run-of-the-mill offences which are not specifically provided for with some penalty otherwise in the act.

Mr. STEWART: I cannot think that the minister has read some of the speeches of his leader and of the Minister of Justice, delivered in the last parliament. If he had, I am sure he would not have presented to the house a bill containing this provision. I remember that on many occasions the present Prime Minister and the Minister of Justice very severely condemned legislation by the governor in council, and condemned it when it did not occupy the field of imposing penalties, and they were particularly severe whenever it was suggested that the governor in council might impose a penalty. I cannot believe that the Minister of Justice saw this section before it was presented to the committee. Certainly it is in direct opposition to the position his party have taken during a period of four or five years in connection with similar sections in other legislation. The position taken by the hon. member for York South is absolutely sound. A penalty of this kind ought to be found in a section of the act, and it ought not to be left to the discretion or to the judgment of the governor

in council to impose penalties. We should know, when a penalty is being imposed, what it is, the extent of it and what it is for, why the penalty is imposed. I call attention to the fact that this is a new section; that it is not found in the act. The minister cannot justify it on that ground. He is inserting a new section which, as I have said, is contrary to the position that was taken and adhered to and reiterated and emphasized by the Prime Minister and the Minister of Justice in the years gone by. I am sure the Minister of Justice will agree with me that on former occasions he has taken the position which I am now taking.

Mr. LAPOINTE (Quebec East): I would be afraid to deny that.

Mr. ROBICHAUD: As regards this clause 3, paragraph (e), inasmuch as I had to disagree with the hon. member for York South this afternoon, I am very glad at this time to say that I agree with him. I do not think we should give the governor in council the power to make regulations to impose penalties. To my mind it is just as easy to insert the provision in a section of the act. For instance it could be subsection 2, reading as follows:

Any person convicted of a violation of any of the regulations made under this section for which a penalty is not already herein prescribed shall be liable upon summary conviction to a penalty not exceeding fifty dollars and costs or three months' imprisonment.

It would be just as easy to have it in a section of the act as to make it subject to regulation by order in council.

Mr. LANDERYOU: Once more I wish to protest against legislation of this kind. I made a protest under paragraph (a), where they can make regulations. Now I find that the governor in council can impose a penalty, and they are given absolute control. Parliament is given no right to say what the penalty shall be or what the regulation shall be.

Mr. HOWE: Since all the serious thinkers seem to agree on this point, if paragraph (e) can be allowed to stand we shall suggest an amendment.

Mr. BLACKMORE: I am glad that the minister has taken that attitude, because, while I would not suspect this government of doing such a thing—

Mr. SPENCE: The hon. member puts too much confidence in them.

Mr. BLACKMORE: —once these paragraphs are passed there is a complete and perfect set-up for the development of a dictatorship between one session of this parliament and the next, and nothing can be done to prevent it. Everything can be done by order in council. Dictatorships have started in other parts of the world just as easily as that.

The CHAIRMAN: All other paragraphs of clause 3 are carried.

Mr. ESLING: In this discussion as to licences and penalties, I wonder whether the minister would think it unreasonable if I asked him to inform the committee the government's attitude in connection with radio patents. I fully realize that patents come under another department, but at the same time it is up to the minister to initiate any action for the relief of the public. For instance, let us take an example such as this: A man purchases a radio and pays his licence fee of $2.50. It just so happens that he bought that radio in the United States—why? Because the action of Radio Patents Limited permit the radio manufacturers in Canada, about twelve in number, to charge anywhere from 50 to 100 per cent more for the same style of radio produced in Canada than is charged in the United States. That man has paid his licence fee and along comes Radio Patents Limited and asserts its right, as it contends, to confiscate that radio and destroy it. It makes the purchaser sign an undertaking that he will not bring a radio into Canada; that he will not use one; that he will not sell one, or manufacture one. That situation is created entirely by a series of patents held by a holding company, and these manufacturers lease from that holding company the privilege of using their own patents. And, of course, the royalty they pay is tacked on to the cost of the Canadian-made radio.

We know that the matter is before the tariff board, but in the meantime the government is in full possession of the facts. It knows that these people will assert their right, so-called, to confiscate a man's radio. The government knows that the purchase price in Canada is anywhere from 50 to 100 per cent in excess of the price in the United States. In view of these facts, does the minister not think that, without waiting for action on the part of the tariff board some action should be taken at once to relieve the public of these impositions made by Radio Patents Limited?

Mr. HOWE: I think the government has taken the logical step in ordering a full investigation of the situation. The situation has been known for many years and there has been a growing realization of it. It is, of course, a complicated matter. Our patent

laws are there, and it is our own patent laws that make the situation possible. Bringing out the full facts and disclosing all sides of the question is a necessary step before any action can be taken.

Mr. JOHNSTON (Bow River): I understood the minister to say, when this question was under consideration before, that the matter was receiving the attention of the tariff board. I brought it up because I had letters from my own constituency. In one instance a salesman told me that there were three hundred convictions on file. I was of the opinion that this was an exaggeration; but even if it is, that point should be definitely established. I understood the minister to say that the matter was before the tariff board for a ruling. Has there been a ruling on it?

Mr. HOWE: It was referred to the tariff board in February and they are now assembling the facts, but no ruling has been given.

Mr. JOHNSTON (Bow River): There will be a definite ruling on that?

Mr. HOWE: Yes.

Mr. ESLING: Action could be taken under the combines act. It does seem unreasonable for the public to have to continue suffering under these impositions. Under section 11 of the combines act immediate action could be taken to remedy the situation. It is almost incredible that a Canadian citizen cannot purchase a radio in the United States, bring it into Canada after he has paid the duty, and enjoy the possession of it, but that is the fact. He cannot bring a radio in from any country even though he pays the fully assessed duty and the sales and excise tax. He simply cannot bring it in and call it his own. Just think of any corporation having the power to confiscate a man's radio after he has paid for it and paid the government duty and obtained his licence, while the government does not interfere but is simply willing to wait for the tariff board to investigate the matter, though we know that this condition exists. We have already put the facts on Hansard; we have stated cases. There is the case of the Winnipeg concern where they were permitted to sell their radios on condition that they paid a royalty and all legal charges. We had cases in Prince Rupert. There was a case in my own home town. A man simply refused to sign the undertaking, and he was told that if it occurred again Radio Patents Limited would exercise its right to confiscate his radio and destroy it, a radio that he had paid for and brought in. It is true he brought it in under the $100 exemption, but he declared it and got his clearance. It makes no difference, however, whether you bring it in under the $100 exemption, or in the regular course, paying the customs duty; Radio Patents Limited still asserts its right to confiscate your radio and destroy it. Let me ask the minister this question: Is there any reason under the sun why that state of affairs should continue? Should there not be more speedy action than is possible as a result of a mere reference to the tariff board? Is the matter going to drag for another year? I know just about how much has been paid in royalty by these radio manufacturers to Radio Patents Limited for the privilege of using their own patents, and then that royalty is tacked on to the price of the Canadian-made radio. Does the minister not think that there should be more immediate action than we can obtain by waiting for the outcome of a long drawn out hearing by the tariff board? The combines act would permit of such action, and the public would feel much better disposed towards the department and the radio business in general if such action were taken.

Mr. DUNNING: Perhaps a word as to the manner in which the present reference to the tariff board originated might be useful at this stage. Representations were made to the government last year regarding unreasonably high prices, particularly of radio products. Allegations were made that these outrageous prices were probably made possible by the operation of the tariff. Other statements were made similar to those just made by the hon. member, and denials and qualifications and all the rest of it came in great volume from those affected. The government determined that I should make a reference to the tariff board with respect to the bearing of tariffs on the conditions revealed in the radio industry. But in examining the matter for the purpose of reference it did not take me long to come to the conclusion that such an investigation could not lead to anything of value unless it included a full investigation of the manner in which the Canadian patent law operates with respect to radio. I would point out that the patent law operates with respect to any commodity coming within its provisions; there is no difference in the treatment of radio or radio tubes and parts and the treatment of any other commodity under that law. But because of the circumstances to which my hon. friend referred I believed that no investigation by the tariff board could produce useful results unless there were combined in the reference the investigation of the manner in which the patent law operates in connection with the price structure and prices charged and the provisions of sale of radio parts. For that reason this method

was chosen as being the one most likely to bring out the facts of the situation both from the standpoint mentioned by the hon. member and with respect to the bearing of the tariff on the cost of radios and radio parts.

I expect that the tariff board will be proceeding very shortly with the hearing, which I can assure my hon. friend will be a very thorough investigation into the whole matter. I think we have at our disposal no more effective machinery for investigating the whole matter. An investigation dealing only with the patent law would be subject to two difficulties: (1) that the patent law is the same with respect to any article which is patented, and any abuse which exists may not be confined to radio but possibly extend to other patented articles; (2) an investigation based only on patent law would ignore the tariff aspects of the problem. So for that reason it was thought well to have an investigation before a body competent to go into all aspects of the matter and to give to parliament and the country the facts upon which judgment could be intelligently based. There are many views on the matter. Personally I am inclined to the view expressed by the hon. member, but certainly that view is contradicted very strongly by those interested in the business. By the means we have adopted we shall be sure of a complete understanding of the facts. The tariff board can call to its assistance auditors and experts of any kind, go right into the business of the people concerned and get all the facts.

Mr. COLDWELL: I wish to support the hon. member for Kootenay West (Mr. Esling), and, I am glad to know that the Minister of Finance (Mr. Dunning) has taken the steps which he has. There is one angle to this business that requires to be carefully investigated. It concerns people who brought in small radios under the $100 exemption. I drew the attention of the house last year to a case of which I have knowledge in which the purchaser of an automobile radio and a small cheap house radio was forbidden by the radio patent corporation to use either of them, then subsequently granted a permit. The point is that the patented tubes and so on in these radios paid a royalty in the United States; then by what law can the radio patent corporation collect a further royalty? If our law is weak in that respect, I should like to see the gap closed by this parliament.

Mr. HOWE: I have an amendment to suggest to section 3 covering the objection to paragraph (e):

That clause 3 be amended by striking out paragraph (e) and inserting a subsection 2 reading as follows: "Any person who violates any regulation made under this section for which no penalty is provided shall be liable upon summary conviction to a penalty not exceeding fifty dollars or three months imprisonment."

Mr. STEWART: Are the words "and costs" in there?

Mr. HOWE: The words "and costs" should go in.

Mr. LAPOINTE (Quebec East): I so move.

Amendment agreed to.

Paragraph as amended agreed to.

Section as amended agreed to.

On section 4—Ministerial regulations.

Mr. BARBER: I believe the question of licence fees for broadcasting companies would come under this section. The question I want to bring to the attention of the minister relates to some confusion which seems to exist. A small station in my district, each time it applied for a licence in the last five years, applied for increase of power from 100 to 250. Other small stations in the upper country have received an increase to 1,000, but this station does not require that amount of power to cover its district, which is a valley in the mountains. But each time it made application it was said that the matter would have to be taken into consideration by the officers of the department. Looking over the file I noticed in the communications of the last two years that the department said that the matter would have to be considered by officers or some technicians of the Canadian Broadcasting Corporation. Then the broadcasting corporation write back and say it is a matter for the department. I discussed the matter with the manager of the broadcasting corporation a couple of days ago and he promised to go into it thoroughly. But there appears to be considerable confusion. I wonder if that could be explained.

Mr. HOWE: The procedure in connection with a change of power is set out in the broadcasting act. The application must go first to the broadcasting corporation, and a recommendation is then furnished by the corporation to the governor in council, which may or may not carry out that recommendation. The final action rests with the governor in council. So far as the particular application of my hon. friend is concerned, I may say that his application has passed all these stages, and I think it became law to-day.

Mr. BLACKMORE: I wonder if the minister would explain what is meant by paragraph (a), so that we may understand why such a law should be passed.

Mr. HOWE: This simply prescribes the form of the application. In other words, if you apply for anything from the Department of Transport, you do it on a prescribed form setting out the information required.

Paragraphs (a), (b) and (c) agreed to.

On section 4, paragraph (d).

Mr. BLACKMORE: Would the minister explain this paragraph in order that we may be quite clear as to what is meant by "conditions and restrictions"? It may help the minister to understand what I have in mind if I tell him that not very long ago there was a radio station approached by a gentleman who wished to deliver a speech over it. That speech was perfectly harmless; it was quite angelic as compared with some of those to which reference has been made to-night; yet the man in charge of the station said that he dare not allow that speech to be delivered because he feared he might lose his licence. This gives rise to a great many suspicions.

Mr. HOWE: There is nothing in this act which governs in any way the subject matter which may be broadcast over the stations of the corporation or any other broadcasting station. This simply governs the more technical aspects. If my hon. friend will study the broadcasting act which was passed by this parliament two years ago, he will find all the provisions governing the matter to which he refers. I may say, however, that owners of private stations who for some reason of their own do not wish to carry certain broadcasts are very much in the habit of blaming it on some censorship by headquarters, but I can assure my hon. friend that the censorship by headquarters has been very rarely used, and then only after numbers of complaints have been received as to the nature of a certain program.

Paragraph agreed to.

On section 4, paragraph (e).

Mr. DOUGLAS (Weyburn): This paragraph provides for the licensing of radio receiving sets. On a previous occasion the minister promised to give some consideration to the possibility of having the licence fee for battery sets less than the fee for electric sets. I wonder if the minister has given any further consideration to that matter, and if he would care to say anything about it at this time.

[Mr Howe.]

Mr. HOWE: The licence fee for battery sets is, in fact, less than the fee for other sets. There was no change in the licence fee for battery sets; the change was made only in connection with power-operated sets.

Mr. COLDWELL: Was that the original intention? I understood the licence fee was the same for all sets. Was that changed subsequently to the discussion in the house?

Mr. HOWE: I cannot say whether or not it was subsequently; it may have been. There was, in any event, a change made before the regulation was published.

Mr. LAWSON: Is it not a fact that there was an original order in council passed? My recollection is that last December or January an order in council was passed providing for an increase in radio licence fees, in respect of all receiving sets, to $2.50, to become effective April 1, 1938. Then, subsequently, my recollection is that there was an order in council passed—though I do not believe the second order in council was tabled in the house—amending the original order and providing that in the case of battery sets the fee should remain at $2.

Mr. HOWE: No; there was no second order in council. The first order in council contemplated regulations, and subsequently regulations were issued providing for the fee, but there was only one order in council.

Mr. LAWSON: Has the minister power to prescribe the fee? I thought the tariff of fees was prescribed by order in council.

Mr. HOWE: As my hon. friend says, there were two orders in council, but the second simply authorized the detailed regulations under the first. The first order in council mentioned certain regulations to be passed later. The second order in council issued the regulations, and when those regulations were issued the distinction was made between power sets and battery sets.

Mr. LAWSON: When were the regulations issued which provided for the fee of $2 on battery sets?

Mr. HOWE: I should think some time in March. I know a considerable time was required in which to issue the licence forms.

Mr. LAWSON: That is what I had in mind.

Mr. HOWE: That is right; the regulations were issued later.

Mr. NEEDHAM: Then I understand that the old rate applies to battery sets?

Mr. HOWE: Yes.

Mr. NEEDHAM: And that would apply also to car radios, which are run by batteries?

Mr. HOWE: No; it applies to houses which are not connected to a source of electric current. It does not apply to cars.

Mr. COLDWELL: If a battery set is operated in a home where they have electric power, it pays $2.50?

Mr. HOWE: Yes, if there is electric power in the home.

Mr. COLDWELL: Even though a battery set is being operated?

Mr. HOWE: Yes.

Progress reported.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

Wednesday, May 11, 1938

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

LIMESTONE IN OTTAWA FEDERAL PUBLIC BUILDINGS

Mr. LOCKHART:

1. What are the total approximate amounts of cut limestone that have been used in the construction of federal public buildings in Ottawa during the last five years?
2. What approximate amount of such limestone has been purchased from each of the provinces?
3. What amount of Queenston limestone has been purchased during the above period for the construction of public buildings at Ottawa?

Mr. RINFRET (for Mr. Cardin):

1. 3,967 cubic feet.

2. From Quebec, 2,001 cubic feet; from Ontario, 1,966 cubic feet.

3. 1,966 cubic feet.

Note.—The above figures represent the actual quantity of cut stone used in buildings. No information as to total quantity of rough stone purchased for this purpose.

SLOT MACHINES

Mr. LECLERC:

1. How many slot-machines were imported into Canada during the year 1937?
2. Is the importation of such machines increasing from year to year?
3. What are the customs and excise duties on such machines?
4. Is the government aware that some are smuggled into the country?
5. Is the ordinary operation of slot-machines in public places considered as legal?
6. If not, would it not be in the public interest to have such importation prohibited?

Mr. RINFRET:

1 and 2. This information is not available from statistical compilation.

3. Slot machines are dutiable according to the material of which they are manufactured and their finish. If nickel-plated to the extent of 50 per cent or more of the exposed metal surface, they are classified under tariff item 362c at 33⅓ per cent ad valorem, intermediate tariff, less a discount of 10 per cent, under the Canada-France Trade Agreement Act, to the benefits of which the United States is entitled as a most favoured nation. If not plated to the extent mentioned in the directly preceding paragraph, and the articles are composed in chief value of iron or steel, they are dutiable under tariff item 446a at 25 per cent ad valorem, under the Canada-United States trade agreement. The articles are also subject to the special excise tax of 3 per cent on the duty paid value and the consumption or sales tax of 8 per cent on the duty paid value.

4. While an occasional seizure is made of smuggled slot machines, the government has no information of any systematic smuggling of such articles.

5. This involves a question of opinion and depends upon the facts surrounding each case.

6. See answer to No. 5.

CANADIAN NATIONAL RAILWAYS—ROLLING STOCK

Mr. BROOKS:

How much money was spent by the Canadian National Railways for purchase of rolling stock and equipment during the past five years (by years): (a) in the province of New Brunswick; (b) in the Dominion of Canada?

Mr. HOWE:

(a) Nil. None manufactured in the province.

(b)

1933	$ 1,594,880 08
1934	6,109 00
1935	.....
1936	5,561,322 81
1937	15,493,614 84
Total, locomotives, cars and other equipment	$22,655,926 73

MONTREAL POST OFFICE EMPLOYEES

Mr. DESLAURIERS:

1. How many post office employees in Montreal are over 65 years of age?
2. What are their names and addresses?
3. Who recommended an extension of time in favour of each of such employees?

Mr. EULER (for Mr. Elliott):

1. 16.

2 and 3.

Employees over 65 years of age who have been given extensions of employment:

Name—Extension Recommended by

Brophy, D. M., Acting Postmaster General.
Lavoie, J. W., Postmaster General.
Brophy, W. P., Postmaster General.
Gagné, J. A. A., Postmaster General.
Flynn, Edw., Postmaster General.
Francis, C. H., Postmaster General.
Ferland, J. Alb., Postmaster General.
Desilets, J. E. H., Postmaster General.
Girardin, E. R., Postmaster General.

Employees over 65 years of age who have been granted an extension of employment but who are now on retiring leave prior to retirement:

Name—Extension Recommended by—Remarks

Francœur, E. G.; Postmaster General; on retiring leave since February 23, 1938.

Gaudet, C. L. V.; Acting Postmaster General; one month's extension granted. On retiring leave since March 1, 1938.

Depocas, J. H. A.; Postmaster General; on retiring leave since April 9, 1938.

Employees over 65 years of age who have been given no extension of employment and who are now on retiring leave from the date they reached the age of 65.

A. A. Archambault, C. J. Miller, J. A. Dubois, Edw. Moore.

The department does not keep a record of the addresses of the individual members of the operating service staffs.

*RETIREMENT OF JUDGES AT SEVENTY-FIVE

Mr. FERLAND:

Is it the intention of the government to take any action upon the resolution of the Canadian Bar Association in favour of placing judges on the retired list with full salary on attaining the age of 75 years, but permitting them to sit ad libitum upon the request of the chief justice?

Mr. LAPOINTE (Quebec East): This question involves a matter of policy, and if action is taken it will be announced in due course. I must say, however, with respect to the last part of the question, that it would require provincial legislation.

Mr. BENNETT: The acquiescence of this parliament.

Mr. LAPOINTE (Quebec East): Yes, first.

[Mr. Deslauriers.]

DOMINION ARSENAL, QUEBEC, EMPLOYEES

Mr. TREMBLAY:

1. How many people were employed at the dominion arsenal in Quebec during each of the following years: 1934, 1935, 1936, 1937?

2. Has the dominion arsenal been moved from Quebec to Valcartier? If so, when?

3. How many people are presently employed at the dominion arsenal at Valcartier?

4. How many people are presently employed at the dominion arsenal in Quebec?

5. Is it contemplated to add to the present personnel either at Valcartier or Quebec?

Mr. MACKENZIE (Vancouver):

1.

Year	Number employed
1934	261
1935	253
1936	346
1937	506

2. No.

3. Eleven.

4. Five hundred and thirty-nine.

5. Not yet determined.

JULIUS MILLS

Mr. KENNEDY:

1. Is Julius Mills, of Waterways, Alberta, holder of a tug-boat master certificate?

2. If so, when was the certificate granted?

3. Before whom was he examined?

4. What experience did the said Julius Mills have previous to the granting of his certificate?

5. What experience did he have in the forepart of a vessel of over 5 tons?

Mr. HOWE:

1. Yes.

2. June 27, 1935.

3. Captain Lionel H. Lindsay, Supervising Examiner of Masters and Mates, Vancouver, B.C.

4. Seven years and one month on the following ships from 1913 to 1935:

	Gross tons
Mackenzie River	413
Grahame	415
Fort McMurray	661
Ryan Bros.	5
Canadusa	21

5. A portion of the above time was served in the dual capacity of deckhand and engineer, but considerably more than thirty-six months was served on deck, which service in such capacity qualified a candidate under the Masters and Mates Regulations then in force for the certificate above stated.

FRED HANSLEY

Mr. KENNEDY:

1. Is Fred Hansley, of Waterways, Alberta, holder of a passenger mate's certificate for minor waters?

2. If so, when was the certificate granted?
3. Before whom was he examined?
4. What experience did the said Fred Hansley have previous to the granting of his certificate?
5. What experience did he have in the forepart of a vessel of over 5 tons?

Mr. HOWE:

1. Yes.
2. June 27, 1935.
3. Captain Lionel H. Lindsay, Supervising Examiner of Masters and Mates, Vancouver, B.C.
4. Two years, seven months and twenty-three days on the following ships, from 1930 to 1935, inclusive:

	Gross tons
Rallim	15
Northland Echo	532
Canadusa	21

5. Served seventeen months and twenty-one days as wheelsman and fourteen months and two days as deckhand, which service in such capacities qualified a candidate under the Masters and Mates Regulations then in force for the certificate above stated.

CANNED VEGETABLES

Mr. LACOMBE:

1. What was the value of vegetables canned in Canada during each of the years 1932, 1933, 1934, 1935, 1936, and 1937?
2. What was the approximate number of cases of canned vegetables for each of the said years?

Mr. EULER:

1.

Years	Selling Value at Factory
1932	$ 8,296,652
1933	8,257,296
1934	10,876,830
1935	12,101,138
1936	13,963,401
1937	Not yet available.

2.

Years	Number of Cases
1932	4,229,268
1933	4,531,542
1934	6,062,374
1935	6,602,822
1936	7,410,145
1937	9,260,803(*)

(*)Preliminary figures, subject to revision.

MEAT EXPORTS TO UNITED KINGDOM

Mr. LACOMBE:

1. What was the value of meats exported to the United Kingdom during the years 1936 and 1937?
2. What proportion of such exports were ham and bacon?

Mr. EULER:

1.

1936	$28,267,137
1937	36,190,212

2.

1936	88·9 per cent
1937	89·7 per cent

ST. SEBASTIEN, QUE., POSTMASTERSHIP

Mr. HEON:

1. On what date did the position of postmaster at St. Sebastien, Beauce county, province of Quebec, become vacant by the death of Mr. Jos. Michaud?
2. Has a new appointment been made according to the law?
3. Were there returned soldiers who were qualified for the position and who made application?
4. Did the Canadian Legion recommend a Mr. Belanger, military medal, of St. Sebastien?
5. How many applicants were there to this position?
6. Have returned soldiers the preference when qualified?
7. If no appointment has been made, when will it be?
8. Does the government always favour the appointment of a returned soldier when he is qualified?

Mr. EULER (for Mr. Elliott):

1. 2nd January, 1938.
2. Yes.
3. An application was received from Mr. J. A. Belanger, but he was not a patron of the St. Sebastien de Beauce post office and therefore, was not qualified under the residence regulation.
4. Yes.
5. 4.
6. Yes.
7. Appointment already made.
8. Yes.

L'ETETE, N.B., LIGHTHOUSE KEEPER

Mr. BROOKS:

1. Who is the lighthouse keeper at L'Etete, New Brunswick?
2. When was he appointed?
3. Was there competition for the appointment?
4. Is the present appointee a returned soldier?

Mr. HOWE:

1. Prescott H. Dines.
2. Permanently August 7, 1937.
3. Yes.
4. No.

IMPORTS AND EXPORTS

Mr. LAWSON:

1. What was the total of all importations into Canada during each of the fiscal years 1933, 1934, 1935, 1936, 1937 and 1938?

2. Of such importations what proportion in dollars came from: (a) the United States; (b) United Kingdom, for the fiscal year 1938?

3. Of our total domestic exports what proportion went to: (a) United States; (b) United Kingdom, for the fiscal year 1938?

Mr. EULER:

1.

Fiscal years ended March 31

1933	$406,383,744
1934	433,798,625
1935	522,431,153
1936	562,719,063
1937	671,875,566
1938	799,069,918

2. United States, $487,328,980; United Kingdom, $144,978,493.

3. United States, $423,130,638 or 39·5 per cent of total; United Kingdom, $409,412,135 or 38·3 per cent of total.

BRACEBRIDGE, ONT., POSTMASTERSHIP

Mr. ROSS (St. Paul's):

1. When was the former postmaster of Bracebridge, Ontario, dismissed? What were the reasons for his dismissal; what was his length of service; will a copy of the letter, with all correspondence, be laid on the table?

2. Will the dismissed postmaster, Mr. Perry, receive a retiring allowance in view of his long service?

3. Who has been appointed to the position, what are his qualifications, and how long has he resided in Bracebridge?

4. On whose recommendation was the present occupant, Mr. William Huckle, appointed? How many applications were received, and from whom?

5. Who prepared the text of the letter of dismissal sent Mr. Perry?

6. How many days elapsed after Mr. Perry was dismissed before his successor took over the office?

7. Have any protests been received by the government against Mr. Perry's dismissal?

8. Was the present occupant appointed by the civil service commission?

9. Will the special committee on civil service be requested to look into this case?

Mr. EULER (for Mr. Elliott):

1. (a) 30th April, 1938.

(b) Postmaster over 87 years of age, deaf, leaving the supervision and management of the office almost entirely to his assistant.

(c) 59 years.

(d) Yes, if the usual order of the house for return is passed.

2. No. Postmasters in charge of offices of the class of Bracebridge do not contribute to any of the superannuation funds and are not entitled to pension or retiring allowance.

3 and 4. William C. Huckle, a returned soldier, and a patron of the office since 1928, was placed in temporary charge on the recommendation of S. J. Furniss, M.P., pending a permanent appointment by the civil service commission. The civil service commission has since been requested to advertise the vacancy and to make selection of a permanent appointee.

5. Prepared in the office of the District Director of Postal Services, Toronto.

6. Dismissal was authorized on the 27th April, and the temporary transfer was effected on the 30th April.

7. No.

8. No.

9. No information.

VEGREVILLE-VANCOUVER RAILWAY MAIL SERVICE

Mr. HAYHURST:

1. Which trains carry letter mail from Vancouver, British Columbia, to Vegreville, Alberta, and from Vegreville to Vancouver?

2. Which trains carry parcel mail between the above points?

Mr. EULER (for Mr. Elliott):

1 and 2. The routing followed in handling mail of all classes between Vancouver, B.C., and Vegreville, Alta., and between Vegreville, Alta., and Vancouver, B.C., is as follows:

Vancouver to Vegreville—
C.P.R. Trs. 2 and 4—Vancouver to Calgary; C.N.R. Trs. 525-527 and 521—Calgary to Edmonton; C.N.R. Tr. 6—Edmonton to Vegreville.

Vegreville to Vancouver—
C.N.R. Tr. 5—Vegreville to Edmonton; C.P.R. Tr. 524—Edmonton to Calgary; C.P.R. Tr. 1—Calgary to Vancouver.

IMPORTS OF FOX PELTS

Mr. BROOKS:

What was the value of fox pelts imported from the United States to Canada in each of the years 1935, 1936, 1937, and 1938?

Mr. EULER:

Fiscal Years ended March 31

1935	$ 89,386
1936	184,581
1937	270,567
1938	172,224

QUESTIONS PASSED AS ORDERS FOR RETURNS

FEDERAL CONTRIBUTION TO ONTARIO PUBLIC WORKS

Mr. BERTRAND (Prescott):

1. Was any federal contribution made for public works in Ontario during the year 1937? If so, to what amount?

2. Has the federal government contributed to any highway construction in the said province during 1937? If so, on what highways and to what amount?

3. Is the federal government still owing the province of Ontario on: (a) public works; (b) highway construction?

LIFE INSURANCE COMPANIES—ASSETS, DIVIDENDS, ETC.

Mr. FAIR:

1. What were the total assets of life insurance companies in Canada on March 31, 1929?

2. What were such assets on March 31, 1938?

3. What amount was paid out as dividends during the period from March 31, 1929, to March 31, 1938?

4. How many policies lapsed during the above period, and what is the total amount of such policies?

5. How many policies were surrendered for cash surrender value during the same period, and what is the total amount of such policies?

ARGENTINE CORN RECEIPTS AT QUEBEC ELEVATOR

Mr. MARTIN:

1. What quantity of Argentine corn arrived at the elevator of the Quebec harbour commission at Quebec city between September 25, 1936, and December 31, 1936?

2. What grain firms were the importers of such corn, and at what rate or rates was storage charged and collected for the period such corn remained in store in the said elevator?

3. What has been the expenditure at the ports of Windsor, Sarnia, Goderich, Owen Sound, Collingwood, and Midland, Ontario, and Three Rivers, Quebec, for the years 1922 to 1936 inclusive?

4. What are the quantities of corn imported into Canada in each of the years 1930 to 1937 inclusive for each of the following purposes: (a) starch manufacturing; (b) cereal manufacturing; (c) distilling; (d) other purposes, and what, in each case, was the country of origin?

5. (a) What were the quantities of Argentine corn imported into Canada between September 25, 1936, and December 31, 1936; (b) what were the quantities of corn arriving at each of the various ports in Canada where such corn was unloaded from ocean boats; (c) what was the highest, lowest, and average c.i.f. price of such corn?

ARTHUR AYRE

Mr. PERLEY:

1. Has Mr. Arthur Ayre, of Turtleford Saskatchewan, been appointed to the Department of Indian Affairs or to any other position in the public service of Canada?

2. If so: (a) when; (b) to what position; (c) at what salary?

FEDERAL GOVERNMENT INSPECTORS IN SASKATCHEWAN

Mr. PERLEY:

1. What were the monthly salary and expenses of the following federal government inspectors in the province of Saskatchewan: S. Banks, B. J. Brockman, R. V. Cameron, J. A. Davis, A. W. Daurie, B. S. Dermody, S. Forsyth, T. P. Hagerman, C. Henderson, S. Hogan, A. P. Humphrey, J. L. Laurie, S. McBain, W. Mitchell, B. A. Newton, H. L. Roberge, D. M. Robertson, J. F. Symington, H. S. Thompson, F. W. Widdifield, W. Hagarty, O. Parker, G. Andrew, L. S. Bricker, J. W. Rose, R. E. Gleiser?

2. What were their home addresses, and where were they employed?

LOUIS DREYFUS & COMPANY

Mr. STEVENS:

1. Has the Minister of Transport recently concluded a special agreement with the Louis Dreyfus & Company or any of its allied or subsidiary companies for the handling of grain through the government elevator at Quebec?

2. If so, what are the rates charged under this special agreement? Are the rates lower than those approved by the board of grain commissioners?

3. What are the storage rates to be charged, if any?

4. Do other elevators at Sorel and Three Rivers, privately or otherwise, participate in the said agreement?

5. Were the terms of the said agreement submitted to and approved by the board of grain commissioners prior to its acceptance and completion?

6. Under the Canada Grain Act, what authority determines or approves of the schedule of rates or tariffs charged in elevators operating in Canada?

RADIO LICENCE FEES

On the orders of the day:

Mr. C. E. JOHNSTON (Bow River): I wish to refer to a question which I asked the other day, and in reply to which the statement was made yesterday by the Minister of Transport (Mr. Howe):

The information was sent forward by our department some days ago but apparently the return has not been brought down. However, for the information of my hon. friend I may say there was no correspondence.

I cannot quite understand that explanation in view of the fact that in the evidence before the radio committee it is mentioned in several instances—and I have copies in my hand—that there was correspondence. In fact, it

says definitely that there were letters, and extracts from the letters were read in the committee. I asked for copies, and the minister says there is none. But the chairman of the board and the vice-chairman say there were.

Some hon. MEMBERS: Order.

Mr. LAPOINTE (Quebec East): Apart from my hon. friend being out of order, I might call his attention to the fact that he has the information, and yet he wants to get it from the house.

Mr. JOHNSTON (Bow River): I wanted copies of the letters, in order to ascertain the true facts for myself.

FARMERS' CREDITORS ARRANGEMENT ACT

BOARDS OF REVIEW, TIME LIMIT FOR FILING PROPOSALS, ETC.

Hon. CHARLES A. DUNNING (Minister of Finance) moved the third reading of Bill No. 25, to amend the Farmers' Creditors Arrangement Act.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I desire to point out only one factor which I think should be considered by the government concerning instructions which may be given to those who are charged with the administration of the act. I have had my attention directed recently to a case in which a value of about $9,000—$9,552, I think, was the exact figure—was placed upon mortgaged premises by the soldier settlement valuator. The mortgage on the property is for $11,500, and it was suggested that it should be reduced to $7,500, payable over a period of ten years, and that the rate of interest should be reduced from five to four per cent. I desire to point out one principle which, I think, has been overlooked with respect to the administration of the act. Bankruptcy contemplates the liquidation of the assets of the insolvent and the distribution of the proceeds pro rata among his creditors. That is to be kept in mind as the real basis of all bankruptcy legislation—realization and distribution. We applied the general principle of bankruptcy to the farmers' creditors and afforded them relief on that basis, but obviously we did not contemplate realization. The difference between true bankruptcy and the application of the bankruptcy principle is to be found in the fact that, instead of realization, we contemplate the retention by the debtor of his premises; but we afford him an opportunity to pay his creditors the same rate on the dollar as though there were an attempted realization, the theory being that realization would be at such a low figure that any amount of money which might be paid to the creditors would be so small that it could be easily discharged and met by his continuing to occupy his farm and to make out of his operations sufficient money to pay the rate on the dollar that would be realized by a forced realization or liquidation of his property. When the act was passed we contemplated the application of a principle which, I submit, has been overlooked. It is a very simple one: First, one that is now recognized, that there should be insolvency; and, second, that we should, in arriving at values, keep in mind prospective as well as present-day values.

Mr. DUNNING: That is one of the difficulties.

Mr. BENNETT: As long as the minister grasps my point—

Mr. DUNNING: Yes, quite.

Mr. BENNETT: —that is all it is necessary for me to say for the moment on that aspect. Inasmuch, therefore, as we contemplate a prospective value within, I submit, the period of time given for adjustment, it is incorrect for the boards to take the valuation of to-day, placed by their appraisers upon these properties, for the purpose of determining what the amount of the obligation on the property should be.

Mr. DUNNING: Its earning capacity is an important consideration.

Mr. BENNETT: But the earning capacity also involves an estimate based upon a present-day value, whereas we contemplate a revival of business in this country and an improvement in conditions that will be reflected in increased prices for agricultural commodities and products and a corresponding increase in the value of the properties themselves.

Mr. DUNNING: I meant that earning capacity is one of the factors in determining the present-day value.

Mr. BENNETT: Earning capacity for the purpose of determining present-day value is not, as the minister knows, the sole factor.

Mr. DUNNING: No.

Mr. BENNETT: But it has been a factor. I do not want to get into a general discussion, but I wish to put my proposition to the government as clearly as I can.

1. Bankruptcy, which is the basis of this legislation, contemplates realization and distribution of the proceeds. That is an essential earmark of all bankruptcy legislation.

2. The Farmers' Creditors Arrangement Act contemplates the retention of the property by the debtor, and distribution, not of the proceeds of what it is believed would be realized from a forced sale, but of what is regarded as the amount that would be realized from a forced sale of the property by his creditors, over a period of years.

3. In arriving at the value of the property, consideration should be given not only to present-day conditions but, as the statute says, to prospective values.

Mr. DUNNING: Right.

Mr. BENNETT: I submit that this principle has been departed from in many instances, and that the whole principle upon which we proceeded, the bankruptcy principle, has been disregarded. That has been caused, I submit with deference, by the fact that people have seen their properties reduced in value on present-day valuations by the soldier settlement board without any regard being paid to the prospective values of the properties and their prospective earning power, and that the provision which has been made for the payment of debts has been on the basis of a valuation which is, shall I say, nothing more than an estimate of the amount that will be realized on forced sale, under present conditions.

Mr. DUNNING: Will my right hon. friend permit me? In communications regarding that particular complaint, I must say that in all the cases of which I have recollection the board of review always insisted that it did take into account not merely present forced sale values but prospective values as contemplated by the act. In any correspondence between the administrator under my direction and the judge who is the head of one of the boards of review, the matter comes down usually to one of opinion as to whether or not prospective value has been fairly taken into account. I am speaking now merely of experience, not objecting to what my hon. friend lays down as a sound principle, because I agree with it in every particular. But somebody has to decide. The words "prospective value" are in the act and have been called to the attention of the chairmen of the boards of review on many occasions, and this discussion will serve a useful purpose in again directing that feature to the attention of those responsible for the administration.

Mr. DONNELLY: Are there not two or three valuators?

Mr. DUNNING: Yes. I interrupted my right hon. friend.

Mr. BENNETT: That is all I have to say.

Motion agreed to and bill read the third time and passed.

PELAGIC SEALING

PROVISION FOR SANCTIONS FOR VIOLATIONS OF NORTH PACIFIC SEALING CONVENTION

Hon. J. E. MICHAUD (Minister of Fisheries) moved the third reading of Bill No. 98, respecting the North Pacific Pelagic Sealing Convention.

Motion agreed to and bill read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR REFUNDING OF MATURED, MATURING AND CALLABLE OBLIGATIONS

Hon. CHARLES A. DUNNING (Minister of Finance) moved the third reading of Bill No. 107, respecting the Canadian National Railways and to provide for the refunding of matured, maturing and callable financial obligations.

He said: The leader of the opposition (Mr. Bennett) was not here yesterday. On a previous occasion he had asked certain questions and I believe I put on Hansard the desired information.

Mr. BENNETT: Quite.

Mr. NEILL: I believe that this bill is perfectly in order, but in accordance with the ruling given last night I would point out that there are no explanatory notes. Will it be necessary to discharge the order and have the bill reintroduced?

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. NEILL: I rise to a point of order, Mr. Speaker. In view of the ruling given last night, is this bill in order? I do not want to delay the house, and the suggestion that the bill is not in order because there are no explanatory notes is so patently absurd that I am prepared to withdraw any objection I might raise; but I would call attention to the absurdity of the ruling given last night.

Mr. LAPOINTE (Quebec East): I think my hon. friend will admit that the objection should be taken before the bill is being considered in committee. The objection should be raised before the second reading; but when the bill has been considered fully, studied

from every angle and reported by the committee, and when it stands for third reading, I suggest it is rather late in the day to raise the objection.

Mr. NEILL: That is exactly what I thought last night. Standing order 70 reads:

No bill may be introduced either in blank or in an imperfect shape.

If the Speaker finds that the bill is in blank or in an imperfect shape, he will decline to put the question and will return the bill to the member who must take another opportunity of bringing it up in conformity with the rules.

It is at that stage that the Speaker should exercise his discretion. He did not do so with my bill; he did not do it with this bill; and as the Minister of Justice (Mr. Lapointe) truly says, it is too late to bring the matter up on second reading.

Mr. LAPOINTE (Quebec East): No; I said third reading.

Mr. NEILL: After the Speaker has given official sanction and allowed the bill to be introduced, that is an admission that it is not in an imperfect shape; and that applies to one bill as well as another. I hope we are going to have the same rule apply in the house all round. I have before me a record of ten bills, one a private bill, the other nine, government measures, all introduced and considered. One of them is the relief bill sponsored by the Minister of Labour, and there are two by the Minister of Finance and two by the Minister of Justice. They are all in the same shape as my bill which was ruled out last night. Are they all to be thrown out and begun de novo? The question needs only to be asked to show how absurd it is.

Mr. DUNNING: On the point of order, may I direct attention to page 348 of Beauchesne's Parliamentary Rules and Forms. It appears, from subsections 1, 2, 3, 4 and 5 of section 7 there set out, that the ruling in question applies to bills amending existing legislation.

Mr. NEILL: No.

Mr. DUNNING: That is my reading of it:

1. In the preparation of bills amending existing enactments the amendments . . .

That has reference to bills amending existing legislation.

2. In the text of the bill, on the left hand page, new matter shall be indicated. . . .

That evidently refers to an amending bill.

3. When a clause repeals an existing section. . . .

That must refer to an amending bill.

4. A memorandum by the draftsman explaining briefly the reasons for each clause, shall be appended to the bill, or distributed therewith.

That again, in clause 4, evidently relates to an amending bill.

5. The above rules shall also as far as is practicable apply to the reprinting of bills.

The bill under consideration is an entirely new bill. As I explained on the second reading, it is practically identical with legislation now on the statute books, but it in no way amends that legislation; in fact, it replaces it entirely.

Mr. NEILL: As regards the rules quoted at page 348 by the Minister of Finance, it is only subsection 1 that has reference to the amending of existing legislation. The others, 2, 3, and 4, do not refer to amending existing enactments. I would point out further the provision that the rules of the House of Commons as to the preparation and printing of bills "must be followed by all departments." I did not know I was a department.

Mr. MACKENZIE (Vancouver): You are an institution.

Mr. NEILL: I leave it to the judgment of any legal member of the house whether the words in subsection 1 can be read into subsections 2, 3 and 4 to suit the momentary convenience of the Minister of Finance. The first subsection reads:

In the preparation of bills amending existing enactments the amendments shall not ordinarily be made by clauses which add or leave out words or substitute words for others—

And so on.

Mr. DUNNING: Read subsection 2.

Mr. NEILL:

2. In the text of the bill, on the left hand page, new matter shall be indicated. . . .

In certain forms that are set out; and "on the right hand page the enactment amended thereby, or so much thereof as is essential, shall be printed with the proposed changes," and so on. I entirely agree that this bill is in order, but if it is in order my bill yesterday was also in order. I do not see how the minister can escape that position. I should like to hear some legal member say that I am wrong in that regard. I do not think he would stake his legal reputation because he knows better.

Mr. WOODSWORTH: I cannot pose as a legal member, but it did seem to me last night that the bill introduced by the hon. member for Comox-Alberni (Mr. Neill) was ruled out on a technicality. I was opposed to the bill in itself, and I would have voted against it; but when it came to the question whether it was in order, it did not seem to

me necessary to rise to support the hon. member on the point of order. I was surprised that he was ruled out of order. It does seem to me, now we come to another bill in connection with which very similar conditions prevail, that we as members should insist that discriminations of this kind should not be permitted. This situation is similar to that which existed last night, and decisions should be uniform and applied impartially.

Mr. BENNETT: If the Minister of Finance will be good enough to look at the opening clause of the rule to which he referred, he will see that in its application it is not limited to amendments. I was not present yesterday, but it seems to me that the objection taken then is one which would apply with even greater force to the measure now before the house.

Mr. LAPOINTE (Quebec East): On third reading?

Mr. BENNETT: There is no difference between third and second reading with respect to the matter except that on third reading the bill has gone a step further before attention is directed to the point. I recall once in this house—I cannot recall any other occasion—that the objection had to be taken when the bill was being introduced.

Mr. LAPOINTE (Quebec East): On second reading?

Mr. BENNETT: No, before the bill is proceeded with on second reading.

Mr. LAPOINTE (Quebec East): It comes under second reading after being introduced. There is no other place.

Mr. BENNETT: It must be apparent from the bill itself that this has not been done; therefore it would have to be after introduction and printing. When the bill is printed, if there is no explanation it should not be proceeded with. If there has been a violation of the rule with respect to this bill, and attention is now directed to it, it does not seem to me it makes the position any better that the objection has been delayed, except that the Minister of Justice might have said that the discussion in committee obviated the necessity of further explanation.

Mr. LAPOINTE (Quebec East): That is what I meant.

Mr. BENNETT: Of course that would be true. I confess that on reading Hansard it is somewhat difficult to understand just why that particular rule should be applied at that stage of the proceedings, because the bill had already been proceeded with. The debate on second reading had been delayed from time to time and no objection had been raised. It has always been uncertain whether or not the rule was limited to amendments. As you read the beginning of it, the rule appears to be intended to cover all; but as you proceed, it seems to be limited more to amendments than bills; it is not abundantly clear that it applies to all; the language is ambiguous at best.

Mr. LAPOINTE (Quebec East): I think by analogy the position should be taken as being the same as when a bill is standing for second reading and has not been printed in both languages. That is an older rule than this one requiring explanatory notes. I was in the house many years before this new rule about the explanatory notes was enacted, but the other rule was in force. Citation No. 748 in Beauchesne reads:

> When the bill comes up for second reading in its proper course, one of the clerks at the table will read the order aloud, and the member in charge of the measure will then move its second reading. The member should take care to inform himself whether the bill is printed in the two languages, as that is absolutely necessary at this stage. The letters E.F. on the order paper will show whether that has been done. If any objection be made on that ground, it will prevent the bill being taken up for its second reading on that day. But if the motion has been made and the debate allowed to proceed thereon, it will be too late then to raise an objection as to the printing in French.

I believe the case is exactly the same when it comes to this defect of the explanatory note not being printed on the opposite page. When Bourinot wrote what I have just read the only rule on the matter was that which required printing in both languages. It is simply common sense that it is on the second reading that this objection should be taken. If no objection is taken then and the bill is allowed to proceed even though not printed in both languages and with no explanatory note, all the explanations required are being given by the minister or the member in charge of the bill, in answering any questions asked; so why should there be a rule asking for explanatory notes when the bill has been explained during perhaps two or three sittings? I think the rules of common sense apply in parliament as elsewhere; in fact, they should apply more in parliament than elsewhere.

Mr. NEILL: If the explanation were there, it might influence my vote on the third reading.

Mr. CAHAN: I remember a previous occasion when I, as Secretary of State, introduced

a government bill, and on second reading objection was taken by the opposition that I had not placed on the opposite page of the text of the bill the section or sections amended or affected. The Speaker of that day ruled the bill out of order, and I was compelled to reprint the bill and bring it again before the house. The same decision that was given by the Speaker last night was given on that occasion on the point of order then raised by a leading member of the opposition of that day.

Mr. DUNNING: Was it an amending bill?

Mr. CAHAN: It is true it did amend; that is, there were amending sections in the bill. If I remember rightly, it was a bill relating to the Companies Act. The Speaker of that day gave exactly the same decision as that given last night, on the same ground.

Mr. DUNNING: Speaking of former decisions on this point, I find in Hansard for 1931, page 1412, an objection taken to a bill on second reading by the hon. member for Comox-Alberni (Mr. Neill) on the ground that insufficient information was given on the opposite page. Referring to that decision I would call attention to the fact that the bill was an amending one, and the Speaker ruled that the information given on the opposite page was sufficient. The hon. member on that occasion was not sustained in his effort to have the bill ruled out of order. I desire to adhere to my original appeal, which is on the ground that the rules quoted, on page 348, obviously by their language apply especially to amending bills, and the bill of which I am now moving third reading is not an amending bill.

Mr. WOODSWORTH: Does that statement apply to subsection 4 on page 348?

Mr. DUNNING: I admit that this is the foundation for the statement of the Minister of Justice that there might be some question, but there is no doubt in my mind that paragraphs 1, 2 and 3 clearly refer to amending bills, and that paragraph 4 may be deemed to do so because otherwise it would have no particular meaning.

Mr. SPEAKER: I think the point of order taken by the Minister of Finance (Mr. Dunning) is quite correct; though I have not read all these clauses thoroughly, my opinion would be that they deal with amending bills. I should be inclined to take that view, but the most important point is that raised by the Minister of Justice (Mr. Lapointe), who quoted citation 748 of Beauchesne. I think the point is well taken, that the point of order should have been raised when we were proceeding with the second reading of the bill last night. The point being raised at this late date, it is out of order, and I so rule.

Mr. NEILL: I challenge your ruling, Mr. Speaker.

Mr. SPEAKER: A point of order having been raised by the hon. member for Comox-Alberni (Mr. Neill), on the ground that this bill was out of order because certain explanatory notes were not contained on the right hand pages of the bill; Mr. Speaker having decided that the point of order should have been taken prior to the second reading of this bill, and the hon. member having appealed from that decision, I would ask those in favour of the Speaker's ruling being sustained to signify by saying "yea."

Some hon. MEMBERS: Yea.

Mr. SPEAKER: Those opposed?

Some hon. MEMBERS: Nay.

Mr. SPEAKER: I declare the ruling sustained.

Motion agreed to and bill read the third time and passed on division.

RADIO BROADCASTING

REVISION OF RADIOTELEGRAPH ACT—CLARIFYING OF SECTIONS DEALING WITH LICENSING RADIO RECEIVING SETS

The house resumed from Tuesday, May 10, consideration in committe of Bill No. 52, respecting radio in Canada—Mr. Howe—Mr. Sanderson in the chair.

On section 4, paragraph (e)—Ministerial regulations.

Mr. COLDWELL: In the discussion of this section last evening the hon. member for Broadview (Mr. Church) took exception to some of the policies of the Canadian Broadcasing Corporation, and in so doing mades specific reference to a recent broadcast over the Columbia broadcasting system and the Canadian broadcasting system, in which I participated. The inference from the remarks of the hon. member, which I have read very carefully to-day, I think is both unfounded and unfair. May I just read the paragraph to which I refer:

When we as members of a free parliament start to discuss these matters points of order are raised, but the radio commission permit debates to be broadcast which are certainly objectionable to a large portion of the population of Ontario and some of the other prov-

inces. I have read a criticism that was made in the British House of Commons of such discussions. The hon. members for Rosetown-Biggar (Mr. Coldwell) and Essex East (Mr. Martin) spoke over the rado in a network linked up by the CBC with the NBC. I did not hear their addresses as I was on a train at the time. I read, however, with interest, their speeches on other matters.

They discussed what Mr. Cordell Hull said after the Brussels conference.

And so on. Then—and in my opinion this was much more serious—the hon. member for Broadview was followed by the right hon. Prime Minister, who said:

Mr. Chairman, I must say that I find myself very much in sympathy with the hon. member for Broadview (Mr. Church) in the remarks which he has just made. At the present time we have been very careful not to discuss in this parliament the proceedings of other parliaments, and I believe that a rule which we find it advisable to observe here should also be observed by the commission in connection with broadcasts that may be made under its authority.

These are very critical times, as all hon. members of the house know, and as the citizens of the country generally know. In ordinary times we would not think of criticizing in this parliament the policies of a government or the proceedings of a parliament of another part of the British Empire. The policies of Great Britain, of Australia and New Zealand are their own policies, their own domestic affairs, and it is not for this parliament to say whether Liberals or Conservatives or the Labour party of Great Britain are right or wrong in what they are advocating.

So far as any policy relates to our own affairs, we are at perfect liberty, of course, to discuss as fully as we please the effect of government policy.

May I point out that in the broadcast in question there was no reference to the policies of Great Britain or even to the policies of this parliament or this government. The broadcast related purely to an academic discussion of the value of the League of Nations. And may I go one step further and say this, that if in a broadcast in the Dominion of Canada in the interests of free discussion we are not to be permitted to discuss policies that are of domestic interest, the moulding of public opinion in Canada is going to be very seriously interfered with. I would also draw to the attention of the committee this fact, that if Mr. Ferguson of the Winnipeg Free Press and Doctor H. L. Stewart, who are commentators on behalf of the radio corporation of this country, are to be prevented from expressing their opinions in their commentaries, then I say that the Canadian Broadcasting Corporation should prohibit the pro-Chamberlain broadcasts from Great Britain that are re-broadcast over this country. I have particular reference to the broadcasts of Mr. Beverley Baxter under private arrangements with the Canadian broadcasting chain. I am of opinion that it is in the best interests of Canada that our broadcasting corporation should endeavour to get before the Canadian people the various points of view expressed in Canada and elsewhere at this time, because it is necessary that our people shall be well informed regarding all aspects of our domestic and international affairs.

May I point out further that the foreign policy of the Chamberlain government in Great Britain, which, as I have said, in my opinion does not represent the real feelings of the British people, as the recent by-elections show, may involve this country in a serious situation. I have before me a speech of the right hon. the Minister of Justice (Mr. Lapointe), made in this chamber on February 4, 1937, at a time when the house was discussing a resolution moved by the hon. member for Winnipeg North Centre (Mr. Woodsworth). At that time the right hon. gentleman said:

In the constitutional position of Canada today neutrality would mean that an enemy of our king could be a friend of Canada; that we could trade with him during a war in which the king might be engaged; that to nations with which the king might be at war we could send ordinary material, anything that a neutral nation could sell to countries actively engaged in war.

This question as to the right of the dominions to be strictly neutral is one of the questions yet to be solved, and it will not be solved in the way suggested by my hon. friend.

If that be so, the foreign policy discussed by Mr. Ferguson, Doctor Stewart and others over the Canadian Broadcasting Corporation chain is a policy of domestic interest to Canada because, if the Minister of Justice is right—and I believe he is—the right of this country to be neutral in the event of war has not yet been established. Therefore the commitments being made by the national government of Great Britain with European dictators are commitments in which this parliament may find itself involved in the future.

I therefore urge upon the Prime Minister (Mr. Mackenzie King) and the government to reconsider any decision they may have taken, to reconsider the statement made last night by the Prime Minister, and not to attempt to muzzle the Canadian Broadcasting Corporation in connection with matters of this kind. I want to do more than that; I want to express on behalf of what I am certain is a very large section of our population, our

appreciation of the manner in which the present corporation is endeavouring to place before the Canadian people the many sides in connection with various problems. I believe that that is appreciated throughout the length and breadth of the country, and I am surprised that a Liberal government in Canada should take an attitude which I regard as distinctly illiberal, and different from the traditional Liberal point of view. After all, those of us who sit in this corner share that traditional viewpoint.

Mr. THORSON: Just a moment; who is muzzling the Canadian Broadcasting Corporation?

Mr. COLDWELL: I would advise the hon. member for Selkirk (Mr. Thorson) to read the speech of the Prime Minister delivered last night and reported at page 2752 of Hansard. He will find there that the Prime Minister agreed with the hon. member for Broadview (Mr. Church), and that the hon. member for Broadview disagreed with the principle of free discussion of these problems over the air.

Mr. THORSON: No; he simply agreed with the desirability of moderation of language.

Mr. COLDWELL: No; there was no question of moderation of language involved. And in the broadcasts in question, and particularly the one in which the hon. member for Essex East (Mr. Martin), Doctor Leggett and myself engaged, there certainly was no immoderate language. And yet that was definitely referred to last night by the hon. member for Broadview.

I would also draw attention to the fact that the Prime Minister concluded his observations with these words:

> I think it is only right to say what I have said; and possibly more is not necessary at this time to ensure that by the commission itself a policy will be followed similar to that which all hon. members of this house seek to follow in their discussions.

I do not anticipate for one moment that the Canadian Broadcasting Corporation would permit many of the immoderate statements made in the house; and yet a direct criticism has been made on several occasions of broadcasts I have heard and to which I could take no exception.

Mr. McLEAN (Melfort): What part of the Prime Minister's words does the hon. member object to?

Mr. COLDWELL: The hon. member will find it running quite largely through the entire speech of the Prime Minister. Let us take this statement, for example—

Mr. McLEAN (Melfort): Yes, read the first statement.

Mr. COLDWELL: I read:

> So far as any policy relates to our own affairs, we are at perfect liberty, of course, to discuss as fully as we please the effect of government policy. What I am referring to at the moment is not whether, with respect to some particular matter, a policy is right or wrong. Each country is free to discuss in its own parliament any policy from the point of view of that country itself. I do not think, however, that one parliament should become critical of the proceedings of another parliament in another part of the world, particularly in times like these.

Mr. GRAY: Do you take exception to that?

Mr. COLDWELL: My point is that the policies specifically referred to last night were not policies that concerned another parliament in another part of the world. They were policies which concerned this parliament, as the opinion of the Minister of Justice clearly indicates. Because a policy pursued by the imperial parliament or imperial government might lead us into a position where we would find it impossible to do other than to participate in a war; for when the king is at war, according to the Minister of Justice, we cannot remain neutral. And so I say that that is the point at issue. Last night the Prime Minister deplored the discussion of a matter which may be of domestic interest at this time to Canada.

Mr. McLEAN (Melfort): That is not what the Prime Minister said.

Mr. BENNETT: Read the last paragraph of it.

Mr. GRAY: Does the hon. member suggest—

Mr. BENNETT: Yes; he told the corporation not to do it, in the last sentence.

Mr. McLEAN (Melfort): That is not what he said at all.

Mr. HEAPS: He was instructing the corporation what to do.

Mr. HOWE: May I interrupt? In the first place, this is entirely out of order, has not anything to do with the present bill or any section of it. When the Prime Minister spoke he was replying to the speech of the hon. member for Broadview (Mr. Church) and began his observations in this way:

> I must say that I find myself very much in sympathy with the hon. member for Broadview.

That is his speech. Evidently he was speaking his personal opinion. As for muzzling or attempting to muzzle the Canadian Broadcasting Corporation in any way, no action is taken and no action can be taken, except in case of war or emergency. The only law we have on the subject is contained in the bill before us, in a paragraph of section 3 of which power is given to regulate radio in case of war, riots or conditions of grave emergency. The Prime Minister's reference was entirely to paid commentators, and every country in the world, I think, has had its troubles with paid commentators. I know that at least twenty members of the House of Commons have protested vigorously to me against the broadcasts of Boake Carter from the United States, which come in, not over the Canadian broadcasting stations, but direct from the United States stations. They objected on the ground that the broadcasts are most anti-British. There has also been a great deal of protest against views expressed by our own paid commentators. But paid commentators are in a very different position from my hon. friend when he engages in a series of discussions presenting on the same evening two views of the same subject. Such a discussion, I think, represents the greatest possible freedom of the air, in that both sides of any question may be presented on the same evening. But to put on the air a paid commentator to present a very biased view on a subject of international importance is something quite different, and it was upon that that the Prime Minister last evening was giving his personal opinion. I think nothing further can be read into his statement, and as far as that goes, the broadcasting corporation has its own legislation which requires it to control the material that goes over the air. The legislation before us permits the government to take over that control only in case of war, riots or grave emergency.

I might add that commentary on the news is absolutely forbidden in Great Britain. No news commentary whatsoever is allowed by the British Broadcasting Corporation.

Mr. COLDWELL: Am I to understand that Mr. Ferguson and Doctor Stewart are paid commentators engaged by the radio broadcasting corporation?

Mr. HOWE: That is correct.

Mr. COLDWELL: That is correct?

Mr. HOWE: Yes.

Mr. COLDWELL: I should like to conclude with this thought. The Prime Minister last night said:

> —and possibly more is not necessary at this time to ensure that by the commission itself a policy will be followed similar to that which all hon. members of this house seek to follow in their discussions.

It seems to me that there the Prime Minister did lay down a policy, and read in the light of the remarks which preceded it, it would in my opinion make it very difficult for the Canadian Broadcasting Corporation to continue to broadcast commentaries and news items such as we get from Doctor Stewart and Mr. Ferguson, both of whom give in understandable terms an interpretation of the news.

With regard to Great Britain, I have listened occasionally to rebroadcasts from various places in Great Britain, and if they are not news commentaries I do not know exactly what they may be called. I am thinking at the moment of a number I have heard from a gentleman who was formerly employed in the diplomatic service. I am not certain of his initials, but I think he is Sir Malcolm Robertson. I have enjoyed his remarks, but they are certainly a commentary on the news of the day.

I think I am expressing on behalf of many people the hope and desire that the Prime Minister's remarks—shall I put it this way?—will not be interpreted by the radio corporation or by this house or the country as a warning to the radio corporation not to proceed with the discussion of public matters, giving all sides of the questions involved.

Mr. CAHAN: Mr. Chairman, I should like to state with regard to the broadcasts made by Mr. Ferguson and by Doctor Stewart—I do not know Mr. Ferguson, but I know Doctor Stewart and I have a great respect for him—that these gentlemen are engaged by the radio corporation and are paid what amounts to a stipend for the preparation of the broadcasts which they make. They are supplied with broadcasting facilities from one end of the country to the other, and on several occasions I have listened to them discussing acute international problems in which from my own personal knowledge they trusted to their imagination for the facts; and when on some occasions they did not trust to their imagination they were simply repeating, on occasion, the common twaddle which finds expression in some of the German and other foreign papers.

Mr. THORSON: Will the hon. gentleman give particulars of the statement he has just made?

Mr. CAHAN: I am stating what I know to be the fact, and that is the ground of my objection. If I were to go into particulars I would have to exceed my forty minutes, but there are some things of which I have knowledge.

Mr. THORSON: If the hon. gentleman—

Mr. CAHAN: Will the hon. gentleman allow me to make my statement? He may refer later to what he wishes to state.

My objection is made not to the expression of opinion over the radio, because any person who wishes to engage time over the radio to express opinions, which are permissible in the public press, should be permitted to engage the radio for that purpose under conditions prescribed by the radio corporation, which prohibits certain expressions of opinion which are profane or indecent or malicious misrepresentations of the facts. But here are two men, engaged and paid by the radio corporation, who are expressing opinions from one end of the country to the other for which those who engage them and pay them must in the public mind take responsibility. I refer, for instance, to this repeated reference to the Cliveden intrigue, which has been repeated by one of the commentators. Those who know the facts know that those representations emanate from a foreign press and a hostile press, and are not representations of the facts.

All that I took from the remark of the Prime Minister last evening was that with respect to broadcasts which receive the endorsement of the broadcasting corporation, and which are given free facilities, and for which the broadcasters are being paid by it, it is incumbent on those who are broadcasting under those conditions to be careful indeed as to the statements and the expressions of opinion which they disseminate. I think that is a view which is prevalent throughout this country. I have no objection to my hon. friend (Mr. Coldwell) going on the air from time to time, if he can secure radio facilities, to give arguments in favour of social credit theories.

Mr. COLDWELL: I object; for I do not advocate social credit theories.

Mr. CAHAN: Or other expression of political opinion. He may discuss, if he wishes, the Quebec padlock law and other measures which he deems reprehensible. But it is condemnable, I think, and cannot be approved, that in grave international crises men should depend on their imaginations for expressions of opinion which they broadcast by radio. Listening to that Sunday afternoon broadcast from time to time, you will find that they often do not even pretend to state facts but are stating hypothetical opinons which have no basis in fact. On one occasion I wrote to one of these gentlemen. He was discussing certain international events which arose when I was a delegate to the League of Nations, and the representations which he made he had heard or learned, I suppose, from some gossip. But those representations were utterly lacking in reliability, were a misrepresentation of the events which actually took place, and they had a most pernicious influence from one end of this country to the other, because time and again those statements were repeated by others as though, emanating from that broadcaster, he must have assured himself of the facts before he gave expression to those opinions. It is to that I object, and I know that I express the sentiments of many hundreds of people of my acquaintance. Many have communicated to me their opinions and have protested against that sort of misrepresentations being paid for and receiving free radio facilities worth thousands of dollars for broadcasting on Sunday afternoons from the Atlantic to the Pacific.

Mr. CHURCH: With reference to what the hon. member for Rosetown-Biggar (Mr. Coldwell) said, I think he is under a misapprehension. I was not attacking the hon. gentleman's speech on the radio, in fact I did not hear it. I made the statement about Mr. Cordell Hull of my own volition. The hon. gentleman will find the same observations in my address of March 24, and also on the same date the remarks of a member of the British house to the very same effect as to his opinion of this society. I said further that I had often read the speeches of the hon. members for Rosetown-Biggar and Essex East (Mr. Martin) on other subjects with a great deal of interest, but I did not hear these radio addresses. I did object to the policy of the corporation and these debates; I object to it now and I have objected to it all along. And since the remarks made by me on April 28 objecting to this broadcast the government brought down paragraph (d) of section 3 of this bill, a new section which gives the government of the day power to make regulations in case of actual or apprehended war, rebellion, riot or other emergency.

Dealing with the particular principle referred to by the hon. member for Rosetown-Biggar (Mr. Coldwell) I may say that he has been a member of the house for only two or three years. He is a gentleman for whom I have some regard, and I would not make an

unfounded statement concerning him or anyone else, because I back up any statement I make.

Let me come to what the hon. member for Rosetown-Biggar has been saying around the Toronto district. The effect of his words is nothing but pacifism. As a result of the British Broadcasting Corporation's policy with regard to this matter, objection was made to that corporation as I pointed out last evening to the Prime Minister (Mr. Mackenzie King). It was made by whom? By the secretary of state for war, Right Hon. Leslie Hore-Belisha, and by the Prime Minister of Great Britain. For what reason? Because of the activities of this society, the League of Nations society. Objection came from Poland, from Germany, from Italy and two or three other countries to what these people were saying on the radio, with the result that the British Prime Minister has brought in the very same provision that is contained in paragraph (d) of section 3 of this bill.

Pacifists, of whom the hon. member for Rosetown-Biggar is one, have had their day in this country, but it will cost us thirty-six millions for defence this year. I objected last night to this part of the radio corporation's program. Let it be understood that I am not criticizing the Canadian Broadcasting Corporation or any official connected with them. The corporation was created by the former prime minister, and I am one to give them a show, but I have always objected to these debates on controversial matters. They do not convert anybody. We have had several of them on the radio, and people are getting sick and tired of them; they would rather hear music. I may say to the hon. member for Rosetown-Biggar, who purports to represent the younger people, that the young people take more interest in social matters and sports than they do in politics, pacifism, radio debates and that kind of thing. As a consequence of the British Broadcasting Corporation's program of debates of this kind and similar propaganda, the secretary of war, Right Hon. Leslie Hore-Belisha, said Britain was expending hundreds of millions on rearmament.

What has happened since 1921 as a result of trying to bring people together through the League of Nations? The league is dead, and the British Broadcasting Corporation have been instructed by the government of the day along the same line as the Prime Minister indicated here last night. I refer to the words I used on March 24 in connection with the national defence estimates as proof of what I said last night. The secretary of war in England said that this propaganda through the B.B.C. had hurt recruiting and done the empire untold harm. He objected also to what some of the clergy were saying, and to all this campaign of pacifism. Now see where pacifism has brought the mother country. She faces insult and invasion, all as a result of this policy of disarmament in the old land. The minister of war has had difficulty in getting recruits. He brought the matter up in the House of Commons and told the pacifists in the house that they had had their day. They have had their day in this country, too, and I can say, as I said last night, that we are just where we were a hundred years ago. You have no army, no navy, no armed forces; you are depending on the people of the mother country for your liberty and defence. That attitude seems to be very popular in this house; in almost every question that comes up we are told that we belong to the American continent; and I was glad to see the Minister of Transport (Mr. Howe) bring in this paragraph (d) because the minister and the Prime Minister were being blamed unjustly for the broadcasts to which I have referred. I alluded to the matter on April 28, and at the end of the discussion these remarks were made:

Mr. Church: You had better send for a life-saving station.

Mr. Bennett: Was the consent of the government sought?

Mr. Howe: No.

Mr. Bennett: It was not sought or given?

Mr. Mackenzie King: No, that is right.

I objected then and I object now to this linking us up with pan-American propaganda on such a controversial subject as defence and foreign affairs. It is not in the interest of a united empire. We are not dependent upon the Monroe doctrine and pan-Americanism, we are depending on the British fleet, army and air force and the British people who are now so heavily taxed for Canada and the empire. Facts are facts. I agree with every word that was so ably said the other night by my right hon. leader in Chalmers church as to what we owe to Britain. I was sorry that the press, although it could publish four pages of ballyhoo about hockey, could devote only a few lines to the references made in my leader's speech to this matter of what Britain has done for us and the empire.

I say, as I said last night, that there are thousands of people, intelligent people, in this country who are sick and tired of the

League of Nations society and the pacifist ideas which are spread through the schools as well by this agency. I object to it as a citizen and on behalf of the constituency I represent. This League of Nations society is doing and has done a great deal of damage to rearmament, as it did in England until it was checked by the Right Hon. Neville Chamberlain.

In conclusion, may I say I have nothing but the kindest regard for hon. members in the group on my left. They may have their views, and I respect them, but those views are not mine. I am sent by my constituents to represent them, and I believe that the overwhelming majority of the people of this country is in favour of the policy of England and of rearmament and in favour of putting brakes on the sort of thing we have been hearing from radio speakers and pacifists. Let me remind the hon. member for Rosetown-Biggar that the British labour party voted 2,250,000 "for" to 262,000 "against" on the question of rearmament, and the support of a policy of putting a brake, in difficult days like these, upon these mischievous broadcasts. I believe that the minister and the government are to be commended for having inserted this clause (d) in the bill in such difficult days as these.

Mr. WOODSWORTH: I think it is interesting that support for the Prime Minister (Mr. Mackenzie King) should come from the hon. member for St. Lawrence-St. George (Mr. Cahan) and the hon. member for Broadview (Mr. Church). I have no desire to enter into the details of the broadcasting which has been done by Doctor Stewart and Mr. Ferguson, but I content myself with saying that I disagree entirely with what has been said by the hon. member for St. Lawrence-St. George. I too have read something of the English press, and that part of the English press that is not inspired by Germany—or Russia, as someone says—and I quite agree with what has been said elsewhere that many of the statements of these commentators to which objection is taken are very well founded indeed.

However, I wish to come back to the speech of the Prime Minister last night which gave rise to this discussion. The Minister of Transport rather seeks to excuse the Prime Minister's statement by suggesting that he spoke as a private individual. I do not think the Prime Minister can very well speak as a private individual in this house, especially when he lays down such important propositions as he did last night. I regard them as a very serious menace to the freedom of speech which we should have in this country.

What are these two propositions? First of all the Prime Minister says:

> In ordinary times we would not think of criticizing in this parliament the policies of a government or the proceedings of a parliament of another part of the British empire.

Why not?

Mr. McLEAN (Melfort): Because it is not good form.

Mr. WOODSWORTH: When, as my hon. friend from Rosetown-Biggar points out, these policies that are being discussed in the British Empire may involve us in war, I should like to know why it is not "good form." I have nothing of the sense of the inferiority of our parliament to that of Great Britain which some hon. members seem to have. As a British citizen I have as much right to speak in Ottawa as if I were a member of the parliament at Westminster. I have just as much right to discuss these large questions. I cannot see why we should be told that simply because these things are being discussed at Westminster, or in New Zealand, or somewhere else, we should be prohibited from discussing them here.

Mr. McLEAN (Melfort): That is not the statement at all.

Mr. WOODSWORTH: Let me read the statement once more:

> In ordinary times we would not think of criticizing in this parliament the policies of a government or the proceedings of a parliament of another part of the British empire.

I leave my hon. friend to make his own interpretation.

Mr. McLEAN (Melfort): Is not that a part of the rules of the house?

Mr. WOODSWORTH: No; there is nothing whatever in the rules to that effect. It is absolutely a new rule that the Prime Minister seeks to introduce at the present time. Further, in commenting on something he believed had taken place in Great Britain, the Prime Minister extends that rule and says:

> . . . it is not proper either in parliament or out of parliament for criticisms to be made of the internal affairs of other countries. . . .

What an extraordinary statement! Am I not to make any statement in parliament or outside regarding the internal affairs of Germany—of Germany's action in invading Austria? Am I not to make any statement with regard to France's position, or Italy's?

Am I not to make any criticism here of what takes place in Russia? It is a preposterous proposition that we cannot here, either in parliament or outside it, criticize what is taking place in other countries, lest perchance we should get some government into trouble somewhere. A statement of that kind on the part of the Prime Minister ought not to go unchallenged. As far as I am concerned, so long as I am a member of this parliament I propose to speak definitely regarding anything that concerns the interest of my country, whether it is being talked about in New Zealand or Great Britain or Germany or Russia or anywhere else. I do not think that any doubt should be left as to where this parliament stands when the Prime Minister will venture to make a statement of that kind.

Then he goes on to the broadcasting side of the matter, and this is the second proposition:

> What applies to debates in parliament should apply equally to broadcasting under a commission which derives its authority and powers from parliament.

If that is not a new proposition I should like to know what it is. We have a commission that controls or is supposed to control broadcasting, and here we are told that we must not discuss on the air anything that goes on anywhere else.

Mr. McLEAN (Melfort): No, no.

Mr. WOODSWORTH: Oh, yes.

Mr. McLEAN (Melfort): What about the second paragraph of the Prime Minister's remarks?

Mr. WOODSWORTH: Let the hon. member read that when he pleases and make his own interpretation.

Mr. McLEAN (Melfort): On a point of order, I would say, it is not a matter of interpretation, but of the literal reading truthfully of the second paragraph.

Mr. HOWE: Read it all.

Mr. WOODSWORTH: I will read the whole paragraph:

> So far as any policy relates to our own affairs, we are at perfect liberty, of course, to discuss as fully as we please the effect of government policy. What I am referring to at the moment is not whether, with respect to some particular matter, a policy is right or wrong. Each country is free to discuss in its own parliament any policy from the point of view of that country itself. I do not think, however, that one parliament should become critical of the proceedings of another parliament in another part of the world, particularly in times like these. What applies to debates in parliament should apply equally to broadcasting under a commission which derives its authority and powers from parliament.

That is what he said.

Mr. McLEAN (Melfort): And it is entirely different from what the hon. member said.

Mr. WOODSWORTH: Let the hon. gentleman express his own opinions. I am willing to leave it to the general public to read that paragraph and make their own interpretation. The Minister of Transport suggests that the Prime Minister must have been speaking as a private individual. What words did the Prime Minister use in closing? They have already been quoted by the hon. member for Rosetown-Biggar:

> I think it is only right to say what I have said; and possibly more is not necessary at this time to ensure that by the commission itself a policy will be followed similar to that which all hon. members of this house seek to follow in their discussions.

Is that a warning or a threat?

Mr. HOWE: I think, after listening to my hon. friend, who is a member of this house, that the Prime Minister has given the radio corporation ample latitude.

Mr. WOODSWORTH: I do not quite catch the point.

Mr. HOWE: He suggested that the radio corporation should observe the same reasonableness that all hon. members of this house do, and in that I suggest he has given them ample latitude.

Mr. WOODSWORTH: He might have, after listening to the hon. member for St. Lawrence-St. George! Unfortunately this statement of the Prime Minister goes much further than that. The Prime Minister did not hear this debate.

Mr. CAHAN: The hon. member has referred to the member for St. Lawrence-St. George. My objection was to placing public funds into the hands of a corporation to pay certain commentators to broadcast certain particular opinions in certain cases. That is the pith and substance of my objection. I would have no objection to my hon. friend broadcasting any opinion he has expressed in this house or out of it.

Mr. WOODSWORTH: I appreciate the very good opinion of my hon. friend from St. Lawrence-St. George, but I was referring just now to his expressions of opinion not with regard to myself but with regard to Mr. Ferguson and Doctor Stewart.

Mr. CAHAN: I was dealing with what I knew in certain cases, very particular cases.

Mr. WOODSWORTH: These words of the Prime Minister with regard to the commission do seem to be in the nature of a warning or of a threat. I cannot think that any private individual would say things in just this way and confidently expect that nothing further than his own private opinion would bring about the required change of policy. Since when did we in Canada adopt the arbitrary methods that prevail in authoritarian countries? Is it possible that a ukase or declaration can be issued by the Prime Minister as to what public boards are to do? I thought responsibility with regard to these matters lay with the broadcasting corporation. I thought the ultimate responsibility lay with parliament. I did not think it was possible for a prime minister to tell this country what its policies were to be. It comes to that.

It is true this kind of arbitrary action might be considered necessary in times of war, but certainly it should be confined to times of emergency, and should be preceded by a proclamation. We are still, I am glad to think, in comparatively normal times, even if they are difficult times. If I understand anything of the principles underlying democracy, we must preserve the fullest right to freedom of speech even in difficult times and even when considering the very complicated problems confronting the world to-day. With the hon. member for Rosetown-Biggar (Mr. Coldwell) I hope that the statement of the Prime Minister—and it is a statement of the Prime Minister—will be reconsidered; that it will not be regarded as the policy of the government, either with regard to members of this parliament or with regard to the broadcasting corporation.

Mr. THORSON: With what the hon. member for Rosetown-Biggar (Mr. Coldwell) had to say I am generally in accord. We in this parliament should not let the opinion go abroad to the Canadian people that we are seeking in any manner whatsoever to curtail the fullest possible right on the part of the Canadian people to discuss public matters in any way they see fit. The right of free discussion of public affairs is one of the most sacred rights that we in a democracy enjoy. It is one that men have fought to win, and we must not permit any encroachment upon it. I regard some of the opinions expressed by the hon. member for St. Lawrence-St. George (Mr. Cahan) as an attempt to insert the thin end of the wedge of repression. If commentators are employed by the broadcasting corporation to comment upon the news of the world they are employed for the purpose of expressing their opinions as to the significance of international events. They are not employed merely for the purpose of narrating the events; that is done by the press. They are commentators upon international events, and being such it is desirable that they should express their opinions. If they are not to express their own opinions and views, whose views and whose opinions are they to express? Is anyone to be set in authority over them to say to them, "You must not express this opinion"? Here are two men who have been commenting upon the news of the day, and their hours of comment are eagerly awaited by thousands of people from one end of Canada to the other: is it necessary that their opinions or views shall coincide with those of all their listeners? What would be the value of comment of that kind?

If comment is to be of any value it must be a clear and honest expression of viewpoints. What is going to happen to comments of this sort upon the news of the day if after a commentator has expressed an opinion upon some controversial point he knows that on the following Monday on the orders of the day the hon. member for St. Lawrence-St. George is going to rise in his place in this house and say, "I object to that expression of opinion"? Is that going to be conducive to honest expression of views and opinions? I would much rather have inaccuracy than suppression of opinion. If these broadcasts are to have any educational value whatever our commentators must have assurance of the fullest and freest right to express the views that they honestly hold. I do not believe for a moment that either Mr. Ferguson or Doctor Stewart are dishonest men or that they are expressing views that they do not honestly hold.

Mr. CAHAN: No one suggested it.

Mr. THORSON: Well, it was intimated. If there is going to be a debate in this house about every expression of opinion with which some hon. member of this house may disagree, what is going to happen to free discussion?

Mr. CAHAN: I have no objection to expressions of opinion over the radio. But, when the most critical of international matters are being dealt with, I suggest that if one or two men are to be paid a stipend for the expression of their views, and given broadcasting facilities worth hundreds or even thousands of dollars an hour, then other people who differ from them, and who have

closer knowledge of the facts than these people can possibly have, should have the right of reply.

Mr. THORSON: Who would those people be?

Mr. CAHAN: Well, I know one or two events in which I was actually participating, which were entirely misrepresented. If the hon. member for Selkirk refers to the broadcasting by a gentleman from his own city I say that he, without any knowledge but trusting to mere gossip, has no right to make statements with respect to what he called the Cliveden intrigue, concerning which he can have no personal information, and which are denied as being untrue.

Mr. THORSON: The hon. member can make such statements as this if he wishes, but I do not think he has any justification for saying that Mr. Ferguson invented what he said in that broadcast or made it out of whole cloth.

Mr. CAHAN: I did not say that.

Mr. THORSON: I have a distinct recollection of the occasion on which the hon. member for St. Lawrence-St. George objected to the broadcast in question, and my recollection is that he objected to the opinions expressed.

Mr. CAHAN: I objected both in this house and in the public press to the expression of such opinions by paid propagandists, paid out of the public funds of this country, without any permission or opportunity being given to others to controvert the statements so made.

Mr. THORSON: Whose opinions is the commentator to express, if not his own, if they are honestly held?

Mr. LAWSON: The point is that he should pay for expressing his own opinions.

Mr. THORSON: It is a service that is welcomed by thousands of people from one end of Canada to the other.

Mr. McLEAN (Melfort): You can build up a demand for almost any service if you pay enough for it.

Mr. THORSON: It is a good service, giving countless people throughout Canada an understanding and appreciation of what is going on in the world which otherwise they would not obtain.

Mr. CAHAN: A very erroneous one sometimes.

Mr. THORSON: And through listening to these broadcasts they are given an opportunity for education. The free right of public discussion of public affairs is the very foundation of our democracy.

Mr. CAHAN: I entirely agree.

Mr. THORSON: We have very recently—

The CHAIRMAN: I would point out to the hon. member for Selkirk that this discussion has been allowed a very wide latitude, and I should like him to confine his remarks to the bill.

Mr. THORSON: We are dealing with radio broadcasting.

The CHAIRMAN: Quite true; we are on paragraph (e) of section 4.

Mr. THORSON: And that, as I understand it, has to deal with the extent to which the government shall deal with radio broadcasts, and everything I have said is strictly in order.

Mr. HOWE: If I may interrupt, this deals with the regulation that no radio receiving set or apparatus for installation or use as or in a private receiving station may be sold or serviced by any person until a licence has been obtained for that station. It has to do with the licensing of receiving sets.

Mr. THORSON: Then perhaps my remarks would be more appropriate under another section, but why should I be called in question when so far the discussion has centred around these radio broadcasts?

We had a decision by the Supreme Court of Canada recently that I think is valued by every Canadian. The decision was to the effect that the right of public discussion of public affairs underlies our whole constitution. That is new ground to be broken by the courts of this land, and it is splendid ground. There are fundamental rights that must be maintained and preserved at all costs; for only by the exercise of these fundamental rights can progress result. We must not stifle free discussion in this house. We must not stifle free discussion in the press, and we must not stifle free discussion over the radio; for the radio is now the greatest instrument for the free discussion of public affairs.

There is a distinction to be drawn between the proprieties that ought to be observed in the discussion of certain matters, and the rights of people to discuss them. I do not think it was ever the intention of the Prime Minister that there should be any attempt to abridge the right of any hon. member of this house to say what he likes about public

affairs. The Prime Minister indicated the desirability of moderation in language and of refraining from discussing in this parliament matters that solely concern the parliaments of other countries. In this regard the hon. member for Rosetown-Biggar has raised a question. He has expressed the view that what is happening in Great Britain as a result of British foreign policy may have a direct result upon the people of Canada. He has the right to express that point of view. There are many people in Canada who hold the same view, and they have the right to express the opinion they hold. The government of the day can indicate its policy, and naturally it will seek to avoid gratuitous comment upon what is happening in other countries; but any member of this parliament or any Canadian who thinks that what is happening in Great Britain or in Europe has a direct or indirect effect upon the people of Canada and upon the welfare of the people of this country as a whole, has a duty and an obligation to express his viewpoint fearlessly and courageously, without any apprehension that some member of this house will rise in his place and say that he must not say this or that. Every member of this house should be as zealous as possible to safeguard this fundamental right of free discussion of public affairs.

Mr. BOTHWELL: I should like to ask the hon. member if he believes that this man, expressing his own views, should be paid for doing so, through a government agency.

Mr. THORSON: I thought I had already expressed an opinion in that regard, when I said that thousands of people in Canada welcomed these broadcasts; and for the purpose of making available this service, which thousands of people in Canada are very glad to receive, the broadcasting corporation has employed two paid commentators. All right; if they are commentators and not merely narrators of what has happened it is desirable that they should express the opinions and views which they honestly hold. It matters little whether those who listen to them agree with those views. That is the opinion I express.

Mr. McLEAN (Melfort): For some minutes now we have had the peculiar spectacle of members of this house setting up straw men at great length in order to knock them down again. The hon. gentleman who just resumed his seat protested vigorously against the remarks of the hon. member for St. Lawrence-St. George (Mr. Cahan), remarks which were moderate, reasonable and dignified.

Some hon. MEMBERS: Oh, oh.

[Mr. Howe.]

Mr. McLEAN (Melfort): Some of my hon. friends laugh. I venture to say that if any hon. member, when he thinks the matter over seriously to-morrow and reads the remarks of the hon. member for St. Lawrence-St. George as they were uttered in this house, fails to find them reasonable and moderate and dignified, he will not be condemning the hon. member for St. Lawrence-St. George; rather he will be condemning his own powers of reasoning and judgment.

The hon. member for St. Lawrence-St. George was protesting against paid commentators making statements that were not warranted by the facts and giving opinions that were not wise, at public expense. The hon. member for Selkirk protests that this means limiting the freedom of discussion, which he says is the foundation of democratic government in this country. I can see no connection between the two. On the other hand the hon. member for Winnipeg North Centre (Mr. Woodsworth), set up another straw man and knocked it down. He took the remarks of the Prime Minister (Mr. Mackenzie King) in this house yesterday; he had them before him, and there was no excuse at all for misquoting what was said. But the hon. gentleman said the Prime Minister had told us that we must not discuss anything going on anywhere else, in any other country or any other parliament, whereas in the second paragraph of the speech, which afterwards he was good enough to read, the Prime Minister distinctly stated:

> Each country is free to discuss in its own parliament any policy from the point of view of that country itself.

And the last words of the Prime Minister:

> I think it is only right to say what I have said; and possibly more is not necessary at this time to ensure that by the commission itself a policy will be followed similar to that which all hon. members of this house seek to follow in their discussions.

Does any member of the house or does anyone in the country think that policy is not wide enough for any paid commentators of the corporation? Should the paid servants of the corporation have more latitude in remarks and criticisms of either parliamentary or other subjects than do the representatives of the people in this house? To me it is a most amazing doctrine that the servants of the crown should be given more licence to spread their doctrines not only throughout this country but throughout other countries.

Mr. HEAPS: They are not doing that.

Mr. McLEAN (Melfort): The principle is that they should be allowed to do it,

according to the hon. member's leader. He states that they ought to be permitted to do it, because he has said, "Surely these kinds of programs are not to be taken away—"

Mr. HEAPS: My hon. friend is confused.

Mr. McLEAN (Melfort): No; "my hon. friend" is not a bit confused. The hon. member for Winnipeg North Centre (Mr. Woodsworth) made that statement in words something like those I have given the committee: "Surely this is not to be the policy laid down by the Prime Minister of this country. That is what is done in authoritarian states." He knew that was not so at all. All that the Prime Minister suggested was that the corporation would see to it, not in response to a ukase—I believe that was the word used—or a decree of the Prime Minister, but in deference to the discussions in this house, that critics on the air—not commentators alone by the way—should be as fair in their way of talking and as decent in their public discussions as members of this house are supposed to be.

Mr. DOUGLAS (Weyburn): The Prime Minister did not refer to it in that way; it was not "as members of this house speak," but as he believed members of this house should speak. Those are two different things.

Mr. McLEAN (Melfort): I can admit quite readily it is different, so far as the hon. member is concerned.

Mr. HEAPS: That is the principle which was indicated.

Mr. McLEAN (Melfort): These are the words:

> . . . a policy will be followed similar to that which all hon. members of this house seek to follow in their discussions.

I would say the Prime Minister was being charitable when he used those words. My hon. friend and I, and many others, sometimes go beyond the bounds of the most moderate discussion, and sometimes take ourselves a little bit seriously. I admit that my hon. friend, if his conscience sees fit to do it, is sufficiently educated to permit him.

Mr. BENNETT: "Sensitive" is the word.

Mr. McLEAN (Melfort): If he is not, that is not my fault. However, I believe the hon. member, or any other hon. member, does possess a conscience which is sufficiently sensitive. Hon. members do believe there should be reasonable and moderate discussion, and that should be latitude enough.

The hon. member for Selkirk (Mr. Thorson) reproached the hon. member for St. Lawrence-St. George (Mr. Cahan), when that hon. member was only protesting against the hired commentaters paid for by the people of Canada, who were going on the air. Probably they were giving their honest opinions, but that has not anything to do with the matter. The hon. member for St. Lawrence-St. George said it was most important that state paid propaganda should not be permitted. The hon. member for Winnipeg North Centre spoke of those who supported the attitude of the Prime Minister.

The hon. member for Lethbridge (Mr. Blackmore), and members from other parts of the house do so. I do not believe there is anything to complain of. I would suggest—and I am going to follow my own advice—that we have spent a lot of time on this subject, and that we should discuss the matter more immediately before the committee. I did not begin this discussion; I believe it was the hon. member for Winnipeg North Centre (Mr. Woodsworth).

I must say that hon. members who have been speaking, each and every one of them, would be the first to protest if any civil servant of this country, any deputy minister or member of a bureau, went on the air, on a platform or anywhere else, and advocated his own opinion on contentious matters, without being paid for it particularly or being asked that that opinion should be given. They would not permit that sort of thing to run freely throughout Canada.

Mr. HEAPS: Setting up another straw man.

Mr. McLEAN (Melfort): What would the hon. member say if the deputy minister of finance, or the head of the tariff division, or any other officer of the kind went out next Sunday and preached a sermon in favour of high tariffs, giving his opinions on the subject?

Mr. HEAPS: That has nothing to do with the principle, has it?

Mr. McLEAN (Melfort): The hon. member does not see the point. Here are men who are engaged to deal with affairs in the world, and throughout Canada. Here are men who are hired by the people of Canada to do certain work. They have gone out and at public expense expressed private views, which they have a right to hold, but they have expressed those views.

Mr. THORSON: They are hired to comment on the news.

Mr. McLEAN (Melfort): Such things as this will bring about a condition whereby either the corporation will have to engage men to give out views of the commission, or—

Mr. HEAPS: They are not their own views.

Mr. THORSON: They are truthful.

Mr. McLEAN (Melfort): The question of truth is difficult to decide. In the opinion of the hon. member for St. Lawrence-St. George the facts were misquoted. But when it comes to a question of opinion—

An hon. MEMBER: Who will decide that?

Mr. McLEAN (Melfort): A question of fact may be proved, but a question of truth is a matter of opinion. However, I do protest against the expenditure of public money on political propaganda which may have—

Mr. THORSON: It is not political.

Mr. McLEAN (Melfort): Oh, "it is not political"! I was referring to political propaganda which may have serious effects upon people in this country, our friendly relations with other countries, and our relations throughout the world.

Mr. DOUGLAS (Weyburn) Which of the two commentators we are now discussing does the hon. member consider was a propagandist?

Mr. McLEAN (Melfort): I am not discussing an individual commentator at all. I am speaking of a principle underlying our institutions and our state.

Mr. DOUGLAS (Weyburn): Which of these two gentlemen whom we have been discussing to-day? Those are the two gentlemen who have been discussed.

Mr. McLEAN (Melfort): The hon. member may discuss those gentlemen as much as he likes, but I am not doing it. You cannot make me say anything about them.

Mr. DOUGLAS (Weyburn): But the point is that those are the two gentlemen referred to by the hon. member for St. Lawrence-St. George, and we now find that the hon. member for Melfort is agreeing with those views. Which of them does he consider to be a political propagandist?

Mr. McLEAN (Melfort): The views of the hon. member for St. Lawrence-St. George, if he will pardon my giving my interpretation of them, were that it was wrong to spend public money to put propaganda over the air, and to give views or opinions which might be held quite sincerely in the minds of commentators but which, in some instances at least, were not accurate, and did not reflect accurate news. I have not mentioned the names of the commentators, but am simply outlining the principle that it is not wise to spend public money on propaganda of that kind.

Mr. STEVENS: The section under discussion raises a question which, in my mind, ought to be considered at some stage. The discussion which has been proceeding for some time bears directly upon the point I wish to raise. The whole section is one by which the minister may make regulations. The paragraphs define the kinds of regulations he may prescribe.

In the old original bill the application was to a large extent to ship operations and radio stations including ship stations. The establishment of the Canadian Broadcasting Corporation and the ownership by the Dominion of Canada of a portion of the broadcasting stations have introduced a new feature. I am coming to question the wisdom of operating broadcasting stations through a government corporation. In saying that, I admit frankly that in its original form, patterned somewhat after the British Broadcasting Corporation, there was in the minds of those who fostered the Canadian organization the desire to improve broadcasting conditions. I am under the impression that it was the abuse of broadcasting by advertising agencies which really suggested the move. However, as the years have gone by, we are now facing just the condition indicated by the discussion this afternoon.

I find myself wholly in accord with the member for Selkirk (Mr. Thorson) when he advocates freedom of speech. Whether that freedom of speech is in the form of public expression, or of the written word through the press, or whether it is through this new medium of radio broadcasting, I am in favour of freedom of speech, and I am opposed to the restriction of freedom of speech. But the limitations on that freedom in broadcasting ought, in my opinion at least, to be the same as the limitations on the newspapers or on utterances from a public platform, with respect to libellous, seditious and such like utterances, which are controlled by our ordinary criminal law. But by introducing control of the administration of a part of broadcasting, and only a part of it, by a government agency, we introduce at once a very difficult proposition, because while we are in favour of freedom of speech we are then faced with the position which has been stated by the hon. member for St. Lawrence-St. George (Mr. Cahan), that a government employee or someone paid out of the taxpayers'

money may advocate views which are distinctly at variance with and do offence to a very large number of taxpayers. It is all very well for the hon. member for Selkirk to argue that a man has the right not only to tell the news but to give his opinion of the news. That is all right if he is doing it at his own expense and under his own agency, whatever that agency may be.

Mr. THORSON: But he is paid for doing that very thing.

Mr. STEVENS: That is exactly where my hon. friend and I differ in our viewpoints. When it comes to a government paying a man to express views for which the government would not hold themselves responsible, from which views they may indeed differ, then I think we are entering upon a dangerous field.

That brings me to my comment upon the principle which is involved in this whole business, that is whether it is advisable for a government agency to administer and operate broadcasting stations. I believe the radio corporation should be limited to a supervision of the technique of broadcasting—wavelengths, licensing, the times at which stations shall operate, and their power. I think it would be better, in the light of the circumstances that have gradually developed, if broadcasting were in the hands of private corporations.

Mr. THORSON: In other words, have the broadcasting emasculated.

Mr. STEVENS: My hon. friend can apply any interpretation he likes to put upon it.

Mr. HOWE: My hon. friend is a fairly recent convert to this view, I take it?

Mr. STEVENS: As I said in my opening remarks, I had come to this view after watching the operations of the radio corporation for a few years. Let me say to the minister this: I think this is the first time I have offered what might be considered criticism of the radio corporation, and I am not now criticizing that corporation. Generally speaking, I believe it has discharged rather difficult duties in a fairly efficient way. I am inclined to the view, although my opinion is not, I think, one of the best, the present radio corporation is an exceptionally able body of men, and they are doing a very fair job. But that does not prevent me from taking exception to some of the policies which are being followed, and I do take definite exception to a government body paying individuals to express opinions upon controversial subjects. We do, for instance, carry on a debate over the air, and I think that probably is good, if it is very carefully supervised. I think the corporation should know beforehand what is going to be said by the two persons taking contrary sides of a question. Such a debate might be useful on some subjects. I am not taking much exception to that. But to give an individual carte blanche to express his opinion on the news of the day, and to use his half hour, or whatever his time may be, for the dissemination of his own views at the taxpayers' expense is, in my opinion, a wrong use of the radio.

Mr. WOODSWORTH: What about the news items, the broadcasting of news? Does not the selection of the news really involve discrimination?

Mr. STEVENS: I was coming to that question, and I might as well deal with it now. There has been a good deal of suggestion, shall I say, that we should be very, very careful about the news which is disseminated to see that nothing is done to disturb other nations. I was in the old country for some time this winter, and the whole of Great Britain and the continent were just seething with bitterness one way or another because of the use that was being made of government broadcasting agencies to attack other countries; for instance, Italy was disseminating in Arabic views that would stir up the Arabs in Palestine, and that was carried to a point where it became quite serious. Germany also has its form of broadcasting propaganda. On the other hand, Germany and Italy charged speakers in Great Britain with giving views contrary to their interests. The controversy became very bitter; but fortunately, so far as Italy and Great Britain are concerned, they met and one of the chief points agreed upon between Mr. Chamberlain and the Italian government was that there must be an abandonment of that form of broadcasting. It only goes to illustrate that care ought to be taken in announcing the news not to make the announcement in a form which is distinctly offensive, and calculatedly so.

As to the ordinary news commentators in Great Britain and the United States—and we get them over the short-wave from other countries—I think they are excellent, and I have no objection at all to that. It is not difficult for a person trained in newspaper work or in headline work in the newspapers to pick out the important news items and to give them to the public in a fair and true light. That is of the very essence of good newspaper work, as newspaper men will agree; that is, the ability to give a news item without

colouring it with editorial comment. The same principle should be applied to broadcasting. I can see no objection to that. But I do object to engaging commentators and paying them with public funds to give their own interpretations of the news items. If they wish to do so at their own expense or over private broadcasting stations, that is another matter.

This brings me back to my main point, whether the time has not arrived when we might well consider the abandonment of the actual administration of broadcasting stations by the government of Canada through this corporation and the turning of them back to private ownership, the corporation, of course, retaining control of what affects the public generally, such matters as wave-lengths, the power of the stations, and matters of that kind, which by the way, of course, are definitely affected by international agreements. I think that this discussion brings quite vividly to the front the need of great care in the exercise of the minister's powers under this section, and the point that we are treading on very dangerous ground when commentators are allowed to use their discretion in commenting upon the news of the day.

Mr. HOWE: Before this subsection carries I should like to move an amendment to clarify the clause. The words "sold or serviced by any person" are used. "Serviced" is, in my opinion, a word that needs to be clarified. I would ask my colleague the Minister of Justice (Mr. Lapointe) to move that clause 4, paragraph 1 (e) be amended by striking out the words "sold or serviced" in line 3 and substituting therefor the words "sold, repaired or maintained."

Mr. LAPOINTE (Quebec East): I move accordingly.

Mr. STEWART: Does that make it the obligation of the firm that repairs a radio set to ascertain whether it has a licence or not, before they make any repairs on it?

Mr. HOWE: Yes.

Mr. STEWART: Is not that going a long way?

Mr. HOWE: Why?

Mr. STEWART: Why should it be the business of an individual partnership or a company who repair radios to be concerned about the licence? Does that apply to private radio sets?

Mr. HOWE: Yes.

[Mr. Stevens.]

Mr. STEWART: Is that not going pretty far, to make a man engaged in the repairing of radio sets—when all he does is, perhaps to put in new tubes or make repairs on a receiving set when he is called in—concerned in the question whether a licence has been issued for that radio set? Do I understand that the subsection goes that far? It seems to me that it does.

Mr. HOWE: The old regulation provided that it was not legal to sell a radio without a licence being secured.

Mr. STEWART: Quite so.

Mr. HOWE: This goes a step further and makes it illegal to repair a radio unless there is a licence issued for that radio.

Mr. STEWART: I admit the accuracy of the position with respect to a sale. I think that is quite sound and proper. But it does seem to go pretty far to require the man who makes repairs on a radio set to find out at his own risk whether the owner has a licence for it, before he can do any repairs on it.

Mr. MacINNIS: I do not think that the point raised by the hon. member for East Kootenay (Mr. Stevens) should be allowed to pass without at least some comment. There is no doubt that private owners of radio broadcasting stations and others who are opposed to public ownership, have within recent times put up a great barrage against government ownership of radio broadcasting. The point which was emphasized by the hon. member for East Kootenay, as far as I could ascertain, was that it was not right that paid commentators or commentators paid by the government should be engaged to comment upon the news, particularly upon the foreign news. I have listened for quite a long time to these Sunday evening broadcasts by Doctor Stewart, I believe ever since they began. I did not agree with him on all occasions, but it does not follow that because I did not agree with him he was wrong and I was right; the reverse may have been the fact, and even though I did not agree with him, the broadcasts are in my opinion a good thing for the people of Canada.

I should be interested to know what complaints have been made to the minister in regard to these broadcasts. I have heard very few complaints myself. The complaints that were made to-day are merely matters of opinion. The statement was made that the commentator was using his imagination without having the facts, and the person who made that complaint did not bring any

evidence to show that he had the facts and that the other fellow was using his imagination. If there is anything which would make me more favourable to government ownership of radio broadcasting than I have been, it is that we had a government which, although I do not regard it as very progressive, had engaged commentators of the calibre they have engaged for the purpose of analyzing foreign affairs to the people of Canada.

Mr. MARTIN: If the hon. member will permit—he is confusing the government with the Canadian Broadcasting Corporation.

Mr. MacINNIS: I assume there is some connection, and that if they were not acceptable to the government they would not hold their positions very long, I may be wrong in that.

Mr. LAPOINTE (Quebec East): Yes.

Mr. MacINNIS: I believe we can assume there is some connection. However, I am glad that the hon. member brought the point to my attention. I believe that parliament should consider this matter very carefully before it departs from the principle of public ownership which has been in force since 1932.

Mr. HEAPS: Could the minister inform the committee what length of time these commentators have on the radio each week—the ones who have been particularly referred to this afternoon?

Mr. HOWE: I listen to them occasionally. I would say, fifteen minutes, but if somebody assured me that I was wrong I would accept their statement.

Mr. HEAPS: Fifteen minutes each?

Mr. HOWE: No. I think they alternate.

Mr. HEAPS: I wonder if some of the hon. members who have been complaining this afternoon about the addresses of these commentators have not slightly overstated the case, if, as has been mentioned by the minister, these commentators occupy the radio for only fifteen minutes a week. If we compare that with the whole length of broadcasting by the corporation in a week, it will be seen that very little time is given for comments on the news of the day. I have heard no complaints from any source as to the comments of the gentlemen referred to. I do not know whether the minister or the department have received any. But I have listened to them for quite a long time, and I have been very much interested in what they say. Although very often I find myself in disagreement with their viewpoints on the news of the day, that does not mean that they should not be permitted to comment over the radio. Similar facilities are granted over the private stations in the United States, and if private corporations can give comments on news in that country why cannot a public utility do the same thing in Canada? If definite complaints are made with regard to the comments, it would be a different story, but so far nothing specific has been stated in this house by way of objection to what has been said. If there is anything definite I should be interested to hear what it is. So far there has been no real complaint except that comments have been made over the radio. These commentators are not propagandists, as suggested by some hon. members. They do not give their own points of view on questions, but merely interpret as best they can the events of the preceding few days. Knowing some of the opinions of some of these gentlemen who give comments over the radio, I am sure that they do not give their own personal points of view, and I do not believe that they are propagandists. I am sorry that my hon. friend from East Kootenay comes out in opposition to public ownership of radio in Canada. Those who remember the kind of broadcasting we had a few years ago, and who note the broadcasting that we have to-day, will have observed the tremendous strides we have made in Canada in the past two or three years. Excellent service is given, and I would say that our broadcasts are far superior to those in the United States.

Mr. BENNETT: We get most of it from there.

Mr. HEAPS: Some of the main broadcasts do come from the United States, as the leader of the opposition has pointed out; but anyone who has lived in the United States for even a few weeks and who has turned on the radio to get some entertainment knows that one is compelled to listen every few minutes to some form of obnoxious advertising. No one who has had that experience would say for a moment that the broadcasting in Canada is not preferable to the broadcasting in the United States. The moment you tune in on any American station, apart from expensive broadcasts, you are in for a long series of advertisements. I am thankful that we in Canada have not broadcasting of that sort.

Mr. CAHAN: It would be inopportune to go at length this afternoon into what I know to be some of the misstatements made over the radio, but I would direct the hon. gentleman's attention to references made by Mr. Ferguson to what he called the Cliveden

intrigue, when he broadcast throughout Canada that there were meetings at Cliveden, at Lady Astor's house, which brought the government of the United Kingdom under the influence of the ambassador of the Fuehrer of Germany—sayings such as that, which were mere scandal and which started first in foreign propaganda. I could refer to other matters but it is not worth while; it is not worth the time. I simply call attention to this fact, that if extreme propaganda of that kind is to be made freely at public expense, some similar opportunity should be allowed to others to controvert these statements. But such opportunity is not given under present conditions.

Mr. BENNETT: Does not the minister think that this is carrying bureaucracy rather too far?

Mr. HOWE: It is a shade further than my right hon. friend went, just a shade.

Mr. BENNETT: It is going just a bit too far. In the light of present knowledge, does not the minister think that a man should be able to have his radio repaired without being under the necessity of disclosing to the workman who repairs it whether he has a licence or not? Surely that is carrying bureaucracy too far. Bureaucracy has a great hold in Canada in many directions. I have had occasion in the last few days to look into its application in another department of our activities, in our national parks, and now we are going to apply it to radio. I can understand our going a certain distance in the direction proposed here, but when it is suggested that a workman coming to my house to repair my radio should ascertain whether or not I have a licence—well, the average man would say, "That is none of your business; I have employed you to repair my radio and I am prepared to pay you." But the workman will answer, "The government says that I must inquire whether you have a licence before I can repair your radio, and if you want me to do it you will have to satisfy me that you have a licence." Is not that going too far? I do suggest to the minister that it is going a bit too far and that the section might very well disappear.

Frankly I have always had grave doubts, and I have graver doubts to-day, whether it is quite sound to apply the principle in question even to the sale of radio sets. Are we not carrying our powers perhaps beyond our jurisdiction? I put this to the minister, because once more we have the old conflict. The courts have decided that we have jurisdiction, but they have not decided that our jurisdiction extends to the sale of radio sets. That surely is a matter of property and civil rights. We have no right to fix prices and things of that sort; they are still within the exclusive jurisdiction of the provinces. I have grave doubts whether we have the power, with respect to the sale of radio sets, to impose this condition, and I certainly have graver doubts with respect to the repairing of radios. When I employ a workman to come and repair my radio, when I go to the telephone and ask that a man be sent around to put in a couple of tubes that are worn out, and he comes and says that before he can do that work he must know whether I have a licence, I think we are going too far. What happens then? Is it his business to be a common informer? Is it within the competence of this parliament to deal with the matter? Is it not a question of purely provincial and local jurisdiction, a question of property and civil rights, a question of contract between the workman and myself? Shall we say that such a contract cannot be enforced unless this condition here proposed is complied with? I submit that it is going too far.

Mr. HOWE: I am told that the only change here is to embody in the act itself a regulation that has been in effect for many years under the Minister of Marine, and more recently the Minister of Transport. Parliament has decided that the operation of a radio shall be illegal unless a licence has been obtained, and certain penalties are prescribed. I see no great objection to putting this regulation in the act. I do not think it is bureaucracy to use every means to enforce the intent of the radio act. That is the principle on which we have been collecting radio licence fees from the start. A man can bring a policeman into your house to see whether you are operating a radio without a licence. When dealing with a situation of this kind I do not think that it is going too far to have a regulation of this sort, which has been in effect for many years, embodied in the act. It is not a new departure.

Mr. McDONALD (Souris): Would it not be better to have the system followed in connection with automobile sales? Every automobile salesman must report to the province when he has made a sale. I do not think we should make radio dealers and repair men collect for the government. It is asking too much, for all they get out of it. If they report the sale that ought to be enough; it is then up to the government to collect the licence fee.

Mr. JOHNSTON (Bow River): I understood the minister to say some time ago that if those who are on relief are not able to get

a radio licence they would not be pressed too hard by the department. Must the owner of the machine, no matter whether he is on relief or not, produce a licence before he can get repairs done? What is the department's attitude in such a case?

Mr. HOWE: It is a matter of leniency. We do not change the law; we simply do not apply it to people on relief. Similar leniency would apply in the matter of repairs. For instance in the area in the west known as the drought area the instructions have been not to press the collection of radio licence fees. A similar instruction would go out in that area regarding the production of licences in case of repairs.

Mr. JOHNSTON (Bow River): Would the same thing apply to people on relief in Calgary, or would they have to be definitely in the drought area?

Mr. HOWE: Definitely in the drought area.

Mr. NEILL: I do not think there is anything very objectionable in this condition. I understand it has been in effect by way of regulation for some time, and I rather applaud the minister for having the courage to put it in the act instead of taking advantage of what is unknown to the members of this committee, doing it in a more or less underhand way by way of regulation. It has not worked any hardship to me. As owner of a radio set, if I ask a man to come and repair it I know I have to have a licence, and if he asks to see it I ought to be prepared to produce it. I do not think it involves making the mechanic act as a collector, for he does not sell me that licence; all he does is ask if I have it, and if I have not he does not repair the radio. Collecting these radio licence fees is rather difficult because of the difficulty of knowing who has them and who has not.

Mr. HOWDEN: What are the provisions of the act as to the collection of radio licence fees? As the matter stands there is something very wrong about it. The sale of these licences has been placed to a large extent in the hands of department stores and other large establishments, no doubt for the convenience of the public. But the government have also appointed collectors, who unfortunately seem to be as impotent and helpless in the matter as new-born babes. I do not mean to say there is lack of ability on their part to collect, but apparently they have no power. I know of one such man who has made a dozen calls at one home trying to collect, and has been told by the owner to go—wherever he likes; he does not have to pay a licence fee and he will not until he is good and ready. Surely that is an absurd situation. If the government is merely making a mock gesture of giving men the right to collect these fees, on a commission basis no doubt, and if they have to call on owners of receiving sets over and over again and have no power to force payment of the licence fee, there is something wrong. I have been told by this collector, who is not very far from me, that he knows for a fact that many people in the vicinity have not paid their licence fees and he has no power to force them to do so.

Mr. HOWE: He should report the case to the department.

Mr. HOWDEN: Well, I shall be glad to point that out to him, but there are collectors in the part of Canada I come from who have the impression that they have no power to make people pay.

Mr. CLARKE (Rosedale): I understood the minister to say just now in answer to a question that only people in the drought area in Saskatchewan are exempt from the payment of radio licence fees. Does that not apply to any other part of Canada? I represent a section of Toronto in which many people are on relief. They have not the money for licences. I think if something is granted to people in another part of Canada it should be granted to people in similar circumstances in Toronto. I do not see why people in one part of the country who are on relief through no fault of their own should be charged for a licence or deprived of the pleasure of having a radio while people in another section are favoured.

Mr. HOWE: Of course no one is exempt from the payment of radio licence fees, but there is a general instruction to all those collecting radio licence fees that if the owner of a radio can show that he is on relief, or indigent, whatever that means, and is unable to pay, has no earnings, the demand for payment is not pressed. The reason I mentioned the drought area was that the question asked by the hon. member for Bow River had to do with the drought area. But it applies to all people on relief or indigent, and repairs could be included.

Mr. CLARKE (Rosedale): When a licence has been issued for a radio set and a repair man comes and asks to see the licence, how does he know that the licence shown him is for that particular machine? Is there any way he can tell?

Mr. HOWE: No.

Mr. CLARKE (Rosedale): A man might borrow his neighbour's licence; they might have one licence for the whole street.

Mr. HOWE: The name and address is on every licence. But if there are two or more radios in the house and one licence is shown there is no way to check that.

Mr. KINLEY: It seems to me that a radio is a bit of a luxury, and the question arises whether a man on relief should be encouraged to have it.

Mr. WEIR: In connection with the requirement that anyone repairing a radio must assure himself that the owner has a licence, what about a man who comes in and buys a set of tools from the dealer to fix his own radio? Also what about a radio that is in a house but is not being operated? If I correctly understood what was said last night, if an inspector finds his way into the house and discovers a radio there, he may oblige the owner to obtain a licence even if it is not in operation. We have some radios that are obsolete; perhaps new ones have been purchased and the old ones have been allowed to remain. I hope a man will not be under obligation to purchase a licence for a radio of that kind.

With regard to the amount of the fee, last night the hon. member for Rosetown-Biggar asked whether the owner of a battery set in a home where there is electric power would pay $2.50, and the minister replied that he would. I do not know what distinction is going to be made with respect to electric power in homes. We have a good many people operating ordinary automobile generators with little windmills and thereby producing electricity which they use to charge their radio batteries and perhaps in other ways. In addition, we have the ordinary 32 volt farm lighting plant, which in some cases also charges the radio batteries. I should like the minister to clear up those three points for me, particularly the question as to what is going to be considered electric power in a home.

Mr. HOWE: Taking the last point first, the case to which my hon. friend refers is a local source of supply for that one home. That would be considered a battery set, and the fee would be $2. The act provides that if the house is connected to a central power station the $2.50 fee will apply.

In connection with a radio in a house but not in use, under the act the presumption is that if the radio is in the house it is in use. If the owner can show to the satisfaction of whoever is handling the matter that the radio is not in use, of course there would be no fee; but under the act there is the presumption, which I think is fair, that if the radio is in the house it is in use.

Mr. WEIR: What about the repair man?

Mr. HOWE: Under the act, before a radio is repaired, the repair man is required to ask if a licence has been obtained. I do not know that it is necessary for him actually to look at the licence; I suppose it is.

Mr. WEIR: Suppose he sells me half a dozen tubes and I take them home?

Mr. HOWE: That would, I think, be a little different from repairing a radio.

Mr. MULOCK: Under subsection 2 of section 4 the minister may authorize the imposition of a penalty not exceeding $50 and costs or three months' imprisonment for the violation of any regulation. Under the proposed amendment that would extend to the repairs, and may I point out that a man on relief, could not get his radio repaired, even though the person doing the work did it without charge, without the latter being liable to go to gaol for three months. From what the minister said I know it was not his intention that people on relief should not be allowed to use their radios, and I would suggest that the wording of the amendment be changed.

Mr. HOWE: The question of dealing with relief recipients is entirely a matter of leniency. There is nothing set out in the law providing that if a man is on relief he does not have to pay his licence fee. I was simply explaining that in the administration of the act our instructions are very strict; that a man on relief is not to be pressed for the collection of a radio fee, and the same thing would apply to the repairing of a radio for a man on relief.

Mr. KINLEY: Have you the power to do that?

Mr. HOWE: No, we have not. It is a matter of leniency; we have the power to sue or not to sue.

Mr. KINLEY: The law should treat everybody alike.

Mr. MULOCK: I would point out that it says a person may not make repairs unless the licence has been obtained. It is the man who makes the repairs who will be responsible for the fine or imprisonment, not the man on relief. The man making the repairs is not protected by that statement.

Mr. HOWE: If my hon. friend will look at subsection 3 of section 10, he will see this provision, which has been in all radio acts since the inception of licences:

No proceedings shall be taken against any person under this section except by order of the minister.

The minister has to sign personally the complaint, and the minister does not sign complaints against persons on relief.

Mr. LAWSON: But that relates only to an offence under that section.

Mr. MULOCK: That has to do with establishing stations without authority.

Mr. STEWART: Surely the minister does not have to authorize every police prosecution.

Mr. HOWE: Every one. I sign them personally.

Mr. STEWART: Then I think the minister will be very busy for the rest of the year.

Mr. HOWE: It has always been done in that way. My hon. friend was a member of the government which drafted these regulations in the first place, and nothing we are doing here changes them particularly. There is only one very slight change in this act; we are changing the language slightly in order to modernize it, but the only real change arises out of a court case which made the old act unworkable. We are changing it in that respect, but these are all old regulations. Ever since I have been minister I have had to sign an authorization for every prosecution.

Mr. STEWART: There are several new sections and new definitions and sections revised. You will find that right through.

Mr. HOWE: But, as I pointed out, it is simply transferring the regulations, which were issued under ministerial authority, to the act. Those regulations have always been there.

Mr. LAWSON: I have no desire, while we are on this section, to deal with section 10, subsection 1; but as we come to sections 5, 9, 10 and others throughout the bill, I think we shall be able to satisfy the minister that these are not merely enacting things that were in the regulations before. I just do not want to allow his statement to pass without calling attention to that fact.

Mr. BENNETT: The minister says these regulations were here before. He must recall the difficulties that attended the creation of this enterprise in the first instance, and the criticism that was always being made. The hon. member for Comox-Alberni says the government is to be congratulated upon having transferred the regulations to the act, but they are still doing it by regulation. This section authorizes the minister to make regulations; that is what we are dealing with. The section says, "The minister may make regulations," and this is one of the items about which the regulations may be made.

Will the minister submit these two questions to the Department of Justice? 1. Has this parliament power to legislate with respect to the sale and conditions of sale of radios in Ontario? 2. Has this parliament the right to insist upon a repair contractor ascertaining whether or not a licence has been taken out by the owner of the radio upon which he is to work, and to make him liable to a penalty if he fails to do so? I shall not take up the time of the committee beyond this.

Mr. HOWE: I shall be glad so to refer those questions, and in the meantime I would suggest that this paragraph stand.

Paragraph (e) stands.

Paragraphs (f) to (k) inclusive agreed to.

On section 4, paragraph (l).

Mr. BENNETT: This is the kind of paragraph about which, in former times, it was the habit of hon. gentlemen now forming the government to complain. After having provided for special matters and special regulations which may be passed, in paragraphs using most of the letters in the alphabet, the minister then puts in a paragraph covering them all, whether those regulations are or are not contained in the preceding paragraphs.

Mr. HOWE: Opposite it says: "No change."

Mr. BENNETT: Nothing surprises one so much in the house in the last few years as to see the justification the government puts forward for its conduct by saying, "No change."

Mr. LAPOINTE (Quebec East): We are keeping what is good.

Mr. BENNETT: And then one must turn up Hansard and read the speeches of the present Minister of Justice on those occasions when he said there was much danger; the sacred rights and liberties of the people were being taken from them. Then there were references to the powers of the governor in council, and how that bureaucracy was tightening upon the very lives of the people, and choking them to death. Now the minister says, "No change."

Paragraph (l) agreed to

On section 4, subsection 2—Penalty for violation.

Mr. LAWSON: I assume the Minister of Justice will move a similar amendment with respect to this subsection, as he did with respect to paragraph (e) of section 3.

Mr. HOWE: Yes; that will be done.

Mr. LAPOINTE (Quebec East): I move:

To amend section 4 of Bill No. 52, by striking out subsection 2 and substituting therefor the following:

"(2) Any person who violates any regulation made under this section shall be liable upon summary conviction to a penalty not exceeding $50 and costs or three months imprisonment."

Amendment agreed to.

Subsection as amended agreed to.

Section stands.

On section 5—Station licences.

Mr. LAWSON: This section illustrates as well as if not better than any other the protest I raised, when the bill was first introduced. to the effect that the notes in respect of the different sections are deceptive. The note at the side of this section is in these words:

This is existing section 6 reworded to clarify the intention.

As a matter of fact, the section does not clarify the intention at all. The section in the bill has the same effect as section 6 of the Radiotelegraph Act, with the exception of the added words "operate or have in his possession any radio apparatus at." The effect of those words is to make a radio contained in an automobile subject to licence. I do not believe the minister would seriously suggest that under the old Radiotelegraph Act there was power to licence a radio in an automobile; yet this very section is designed for that purpose.

Mr. HOWE: No.

Mr. LAWSON: The minister says, "No." Why, then, does he put in a proviso exempting the cars of tourists who happen to be in Canada? In the first place, I say that the section in the bill creates a new offence. It had previously been an offence to install or to establish a radio station. Under the bill it becomes an offence to operate or to have in one's possession any radio apparatus. The expression "in any place" in the old section has been changed to "at any place" in the new. The proviso is:

Provided that the governor in council may exempt from the operation of this section any radio apparatus installed in any automobile or other vehicle temporarily in Canada which is owned by a person who resides outside of Canada in a country which accords a similar privilege to residents of Canada.

Therefore I say that in view of the fact that the section creates a new offence, these notes are deceptive.

Let me show another respect in which they are deceptive. We are told that this is the existing section 6, reworded to clarify the intention. It is reworded to clarify the intention of what? Surely it must be to clarify the intention of the original act, which was passed in 1913, and known as the Radiotelegraph Act. Did any one in the house or the country ever hear of such a thing as a radio being installed in a motor car in the year 1913? Is it conceivable that any House of Commons sitting in 1913 intended in a section of an act then enacted to provide for the installation of radios in automobiles? I say that on every possible ground the information is deceptive and is not in accordance with the facts. I point this out in particular at this time because of what was said last night by the Minister of Transport when I raised the matter.

Mr. HOWE: I assume it was the intention in the original act that radios ought to be licensed. This arises out of Rex v. Gignac, quoted the other day by the hon. member.

Progress reported.

At six o'clock the house adjourned, without question put, pursuant to standing order.

[Mr. Bennett.]

Thursday, May 12, 1938

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

DRUMHELLER, ALTA., VETERINARY INSPECTORSHIP

Mr. JOHNSTON (Bow River):

1. Was Dr. A. R. Monroe veterinarian inspector in the Drumheller district during the month of April, 1938?
2. If not, who was the inspector at that time?
3. What were his daily travelling expenses in detail during the said month?

Mr. GARDINER:

1. Yes.
2. Answered by No. 1.
3. Daily travelling expenses, April, 1938, Dr. A. R. Monroe: April 1, taxi, 33 miles, $5.70; 2nd, taxi, 19 miles, $2.85; 4th, taxi, 19 miles, $3.35; 5th, taxi, 33 miles, $5.20;

6th, taxi, 19 miles, $2.85; Calgary-Drumheller return (railroad), $4.15; meal, Drumheller, 60c; 7th, taxi, 44 miles, $6.60; hotel, $2; breakfast 55c, lunch 60c, dinner 60c, Drumheller, $1.75; phone, R. A. Lavers, Munson, 10c; phone, W. G. Finlayson, Munson, 10c; phone, A. E. Black, 10c; fare, Drumheller-Cereal return, $5.75; 8th, taxi, 15 miles, $2.25; breakfast 50c, lunch 50c, dinner 50c, Cereal, $1.50; 9th, hotel, $3; Cereal to Drumheller, taxi, 20 miles, $3; breakfast 55c, lunch 55c, dinner 60c, Drumheller, $1.70; 10th, breakfast 55c, lunch 60c, dinner 60c, Drumheller, $1.75; 11th, taxi, 39 miles, $5.85; breakfast 55c, lunch 60c, dinner 60c, Drumheller, $1.75; hotel, $4; Drumheller-Cereal return, $5.75; 12th, taxi, 15 miles, $2.25; breakfast 50c, lunch 50c, dinner 50c, Cereal, $1.50; 13th, Cereal-Drumheller, Hotel Cereal, 2 nights, $3; taxi, 5 miles, 75c; breakfast 55c, lunch 60c, dinner 60c, Drumheller, $1.75; phone P. J. Hampton, Rowley, 20c; phone, F. Sadler, Rowley, 20c; phone, H. Swallow, Rowley, 20c; 14th, taxi, 79 miles, $12.85; breakfast 55c (Drumheller), lunch 60c (Morrin), dinner 50c (Rowley), $1.65; 15th, breakfast 55c (Drumheller), hotel, $4, Drumheller-Calgary; 17th, Calgary to Drumheller return fare, $4.15; dinner, Drumheller, 65c; 18th, taxi, 80 miles, $12; breakfast 55c, lunch 60c, dinner 60c, Drumheller, $1.75; 19th, taxi, 25 miles, $3.75; breakfast 55c, lunch 60c, dinner 60c, Drumheller, $1.75; 20th, taxi, 60 miles, $10; breakfast 55c (Drumheller), lunch 50c (Rowley), dinner 60c (Drumheller), $1.65; hotel, $6, Drumheller to Calgary; 21st, Calgary to Elnora return fare, $5.05; taxi to station, 50c; 22nd, taxi, 32 miles, $5.80; 23rd, taxi, 35 miles, $6.25; 25th, taxi, 51 miles, $8.65; 26th, taxi, 32 miles, $4.80; 27th, taxi, 42 miles, $6.30; 28th, taxi, 31 miles, $5.65; 29th, taxi, 46 miles, $7.40; 30th, taxi, 32 miles, $5.55; hotel, eight nights, 26 meals, $25; lunch, Three Hills, 50c; stamps, $2; total, $225.70.

PUBLIC HEALTH POLICY

Mr. CHURCH:

1. Have any requests been received by the government from either municipal or provincial authority towards federal assistance with a view of giving aid, assistance and cooperation with any future outbreak of poliomyelitis, and what action has been taken?

2. Has the attention of the minister been called to the fear of such an outbreak this summer and fall, as expressed at the meeting of the Ontario Medical Association this week, and other bodies of public health?

3. Has any request been received by the government from any of the medical associations of the provinces asking for a national scientific investigation committee to be established by the national council of research to improve and look into alleged cures for cancer, in cooperation with the provinces or provincial medical associations?

4. Will the government consider the advisability of appointing a select committee of the house next session on national public health matters as an aid to securing a national policy on public health for Canada and in order to extend and coordinate the present functioning of the department with provincial and municipal authorities and expanding the scope, usefulness and work of the department as an urgent, social and national necessity?

Mr. RINFRET:

1. No requests received by Department of Pensions and National Health.

2. No.

3. No.

4. Yes.

H. S. ARKELL

Mr. SENN:

1. Is Mr. H. S. Arkell employed by the federal government at the present time?

2. If so, in what capacity, and at what salary?

3. Has he been employed by the government at any time during the last four years?

4. If so, in what capacity, for how long, what remuneration did he receive, and what expenses were paid to him?

Mr. GARDINER:

1. Yes.

2. Investigating overseas markets for Canadian farm products, salary $500 per month.

3. Yes.

4. Investigating markets for Canadian farm products and the marketing of such products. Employed November 12 to December 24, 1936, April 21, 1937, to date. Total salary received to date $6,870.42. Total expenses paid to date $5,627.73.

DOMINION-PROVINCIAL RELATIONS

REPORTED STATEMENTS OF PROFESSOR ANGUS OF ROWELL COMMISSION WITH RESPECT TO ORIENTAL SITUATION

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): I would like to ask the right hon. the Prime Minister (Mr. Mackenzie King) two questions. The first is, has his attention been called to the fact that Professor Angus, British Columbia's representative on the Rowell commission, has been making partisan speeches concerning a matter on which as one of the commission he will presently have to pass judgment and which formed part of the representations made by the province to the commission, namely the oriental situation? Secondly, if investigation proves this to be correct, will he consider the advisability of removing Professor Angus from

the commission in order that the confidence of the people of British Columbia in the fairness of any judgment which the commission may render, may be restored?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I have received a complaint about a speech which was made by Professor Angus before the Ontario Medical Association in Toronto, which I assume is the speech to which my hon. friend has made reference.

Mr. NEILL: It is one of them.

Mr. MACKENZIE KING: It is the only one to which I have had my attention drawn. Upon receipt of the complaint I immediately had it brought to the attention of Professor Angus. I presume I may say that in speaking, Professor Angus was speaking as a private individual, not as a member of the commission nor were the remarks complained of made in the course of the proceedings of the commission, nor, as I understand it, with respect to any subject which comes within the scope of the commission itself. The commission has not been empowered to deal with any question of franchise. That, I believe, is the subject to which my hon. friend refers.

Mr. NEILL: That speech was only one of them, and this matter is sub judice, because the premier of British Columbia made representations.

Some hon. MEMBERS: Order.

Mr. NEILL: I am in order.

CANADA-NEW ZEALAND AIR SERVICE

REPORTED NEGOTIATIONS BETWEEN GREAT BRITAIN AND DOMINIONS AND THE UNITED STATES

On the orders of the day:

Mr. W. R. MACDONALD (Brantford City): I desire to direct a question to the Prime Minister (Mr. Mackenzie King) with regard to an associated Press dispatch which appeared the day before yesterday in the Brantford Expositor. The dispatch refers to an announcement made in the British House of Commons by Lieutenant-Colonel A. J. Muirhead, Under-Secretary of State for Air, to the effect that negotiations were under way with the dominions and the United States concerning a proposed air service across the Pacific ocean from Canada to New Zealand.

My question, therefore, is this: Has the Dominion of Canada, as one of the most important dominions concerned in such a proposal, been consulted in regard to this matter, and, if so, does the Prime Minister deem it to be in the public interest to inform the members of this house as to the present position of the negotiations?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The hon. member drew my attention just before the house assembled to the question he intended to ask; I give him and the house the following information in reply.

The question of an air service across the Pacific ocean between Canada and New Zealand has received informal and preliminary consideration on various occasions. No definite suggestions as to such a service have been put forward, however, and no negotiations are being carried on on the subject at present between the Canadian government and the governments of any other members of the commonwealth.

The statement made by the Under-Secretary of State for Air in the House of Commons at Westminster on May 10 referred not to negotiations on the general subject of the establishment of an air service but to discussions on the preliminary question of the ownership of certain Pacific islands along the proposed route. It is understood that the conversations in question, which are being carried on between the governments of the United Kingdom, Australia and New Zealand and the government of the United States, are concerned with the ownership of certain islands in the Phoenix group and other islands lying between Honolulu and Australasia.

ALBERTA DEBT LEGISLATION

INQUIRY WITH REFERENCE TO EFFECT UPON CREDITORS AND GENERAL CREDIT OF CANADA

On the orders of the day:

Hon. J. E. LAWSON (York South): I should like to ask two questions of the Minister of Justice (Mr. Lapointe). First, is the government aware that the three recent enactments of the province of Alberta, namely, The Securities Act, 1938, The Home owners Security Act, and The Limitations of Actions Amendment Act, 1938, have the effect of preventing the payment of all secured debts in Alberta? Secondly, in view of the fact that individual and corporate creditors in all parts of Canada have their securities destroyed, and that similar legislation on the part of other provinces would entirely destroy the credit of Canada, does the government contemplate any action to deal with the situation?

Right Hon. ERNEST LAPOINTE (Minister of Justice): Official certified copies of the acts to which my hon. friend refers were

received by the Secretary of State and transferred to the Department of Justice on April 30. As to the effect of these acts, they are at present being considered by the department. I have received many letters and telegrams and have been advised that on Monday formal petitions will be filed for their disallowance, such petitions coming from various organizations including the insurance companies' association, the loan companies' association and others. As to what the decision will be, of course I cannot give any answer.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF AGRICULTURE

Marketing services administration, $50,000.

Mr. THOMPSON: When the committee adjourned last Friday evening I was calling attention to the cooperation that had existed during the last three years, between the Department of Agriculture of Ontario and the federal department, and I was endeavouring to show that it was not in the best interests of the dairy business, particularly from the standpoint of the marketing of our cheese. I had pointed out that an association known as the Eastern Ontario Dairymen's Association had been in existence for sixty years and had built up the great dairy business of eastern Ontario, from which section the best cheese made in Canada comes, and that their grant of $1,500 had been withdrawn. That grant had been expended entirely on the production end of the business. We knew that if we wished to retain our premium for cheese in the British market we must continue to manufacture a superior quality product, just as I have read in the report which has been submitted that Canada's success in marketing cheese in the United Kingdom depends upon the quality.

I pointed out further that there were two features that marked the success of cheese in Canada; the first was quality and the second, quantity. It was in this direction that the efforts of this association were made. Their grant was withdrawn, however, and the Ontario government permitted an organization known as the Cheese Producers' Association to collect five cents per hundred pounds on all cheese sold in the province. As I said, in 1936 the cheese producers' association collected $22,000, and in 1937 over $38,000, which was supplemented by a grant of $5,000 from the federal department. My contention was that this money was not spent in the best interests of the dairy business. I am not at all opposed to money being spent in the interests of agriculture, but money which, in my opinion, has been uselessly spent I object to. I have here a copy of the auditor's report of the Cheese Producers' Association of Ontario. New Zealand sent her cheese to Great Britain in consignment. And the cheese was sold in the old country by agents on commission. The Canadian cheese was all sold in Canada before it left our shores.

This cheese producers' association endeavoured to break up the selling organization, which had been built up in the last seventy-five years, an organization that we were proud of; and I may add that in New Zealand, the leading men there will tell you, they are sorry they ever opened warehouses in Britain and sold cheese as they are doing to-day.

This association of which I am speaking went into the business, borrowing from the banks $204,887.52, with which they purchased cheese. There was appointed in Belleville a man known as a secretary, at a salary of $3,000 and expenses, and he bought the cheese, and another man was sent to London at a salary of $5,000 and expenses and he sold it there. Their auditor's report shows that on their operations they lost $800.82, and the loss would have been considerably more had it not been for the fact that the federal Department of Agriculture came to their assistance and purchased a large quantity of cheese for shipment to the dried-out area in Saskatchewan for relief purposes. That was the only sale of cheese on which the association made a profit last year.

Let us consider for a moment their other activities—their convention and their office expenses. The auditor's report shows that their receipts come from three sources. The five cents per hundred pounds which the Ontario government allowed them to take from the farmers on their cheese amounted to $38,671. Then they received from the county organizations $2,925, and a grant from the federal Department of Agriculture of $5,000, making total receipts of $46,596. Their expenditures included: office and general expenses, $4,308; secretary's salary and expenses, $4,014. There is a board of five directors who were paid fees amounting to $2,986. A man was sent to England to sell this cheese, and his salary and expenses came to $6,346. Auditing and accounting fees were $625. Everybody was liberally paid; apparently they spent all the money they could spend, and wound up the year with a surplus of $18,935, which they did not know what to do with. Yet they had taken from the farmers who sent milk to the cheese factories $38,671 and had received a grant from this government of $5,000. I know that their secretary has gone back to London. A friend of mine told me

he met him on the street there a couple of weeks ago and asked him what he was doing there, and he said, "I came here in the interest of the Ontario Cheese Producers' Association." Some of this nearly $19,000 that they had left is being spent in that way. My contention is that not one dollar of that money was of any benefit to the dairymen. Every report of the dairy business with the old country has shown, and those of us who have spent our lifetime in this business know, that the success of our cheese in the old country depends first on quality and then on the quantity that we can supply. Our money should be spent on the production end, and not foolishly wasted in the selling end.

Mr. GARDINER: What year is that report for?

Mr. THOMPSON: The auditor's report for the year ended December 31, 1937. During the three years that this cooperation has been going on and that attention has been diverted from the production end and directed towards the selling end, what has happened to our cheese? I receive every week during the production season a statement from the dairy and cold storage branch of the Department of Agriculture giving the prices of New Zealand cheese in England and the cable prices in Canada. It had been always known that Canadian cheese sold at a premium over New Zealand cheese. I have here some figures taken from the returns given to me by the Department of Agriculture. I find that in 1934 there was a premium of 3 to 4 shillings per hundredweight of 112 pounds for Canadian cheese over New Zealand. But in 1937 we find this reversed: in July and August of that year there was a premium of 3 to 5 shillings per hundredweight in favour of New Zealand.

I know that figures have been produced and statements made at some of our public meetings by officials of the department to show that Canadian cheese was at a premium over New Zealand cheese. But how did they arrive at it? New cheese is selling in Canada to-day for about 15 cents a pound wholesale, but go into any grocery store and ask for old matured cheese and you will have to pay 30 to 35 cents. Would it be fair for me to come to this committee and say that that is the price of cheese? Not at all. Yet the grocers' price has been taken in London to show that we still have a premium, and that price included the old cheese. It is a well known fact that New Zealand manufactures a very moist cheese, which is palatable when it is fresh but has no keeping quality. Invariably the British merchant buys Canadian cheese when he wants to have old cheese.

[Mr. Thompson.]

I have looked over the new report which came to my hand to-day. It says:

> Canada has two important advantages over competing countries in having almost to the complete exclusion of competing countries, the trade in mature cheese for the retail trade and for the manufacture of pasteurized processed cheese. There is little doubt that with continued attention to quality Canadian producers can retain these advantages.

We have to the almost entire exclusion of other countries the market for old matured cheese, and it can be retained if we keep up the quality of our product. A report which I got from the department showed that for the last three years the premium upon cheese had dropped. In 1935 it was 2½ cents; in 1936, it was 1½ cents and in 1937, one cent. But that included the old matured cheese. The figures I have given are taken from the report of the department, giving the wholesale prices. My contention is that this money has been spent on the selling end where nothing could be accomplished, and that the production end, where everything can be accomplished in regard to both quality and quantity, has been neglected. I want to read a statement from the report of the chief grader. He said:

> The total cheese placed below first grade last season was 94,546 boxes, an increase of 39,792 boxes over the previous year. The total loss on these cheese was approximately $90,000 and the extra loss owing to an increased percentage of under-grade cheese was about $38,000. This is a tremendous loss to the cheese industry, but I do not imagine that the larger quantity of under-grade cheese would affect the reputation of Canadian cheese on the markets of the United Kingdom if our first grade cheese was equal to the standard of quality for previous years.

Even our first quality cheese was not up to the standard.

> I have no definite information on this point which would apply to the season's make. However some reports have come back that July and August cheese were not quite up to former years, and we also know that there were many shipments of first grade cheese on which the total score was lower than 92 points owing to slight defects in workmanship.

Then let me read another clause from the report of the chief grader. Referring to a chart which is shown he says:

> This chart shows the grading of Ontario cheese throughout each month of the season and this indicates that there was a decrease in first grade every month excepting May. Weather conditions should be very favourable during the latter part of September, also in October and November, but decreases in the percentage of first grade are shown during these months, and the inference, therefore, would be that even with good weather conditions either the milk producers or the cheese makers or perhaps both, were not doing their job as well as it should be done.

Here is the point: We have been allowing the quality and to some extent the quantity of our cheese, the only things over which we had any control, to be neglected. What did that mean to the farmers? Last year nearly $39,000 was forcibly taken from the pockets of the farmers by an assessment made on their cheese at the factories, and in addition, with the cuts that were made on low grade cheese, in the selling end they lost $128,000. That is taken from the report of the chief grader. I am not at all opposed to money being spent if the dairy industry, or any other branch of agriculture, is getting the benefit of it, but in the last quarter century we have had only one minister of agriculture in this house who seemed to understand the dairy business and the intricacies of mixed farming in eastern Canada. That minister was the present hon. member for Melville (Mr. Motherwell). I have been connected with this business all my life, and during the term of office of the hon. gentleman I discussed these matters with him on many occasions. He was born and brought up in the county in which I live; his home was outside the town of Perth, and he lived there until he was twenty-one years of age. He was brought up on a dairy farm; he understood the requirements of our great dairy business.

I would simply ask the minister this, that in future he see to it that the money voted is spent where it will bring some benefit to the farmers engaged in the business. I am not asking him not to vote the money, but simply to see that some good results from it.

I do not think I need argue this matter further at this time. My whole intention has been to lay before the minister and the committee the necessity of seeing that the money is properly expended, for the purpose for which it is intended, and I claim that not one dollar of this money brought any benefit whatever to the dairy industry. It is utterly impossible for a few men to think they can buy a few cheeses, ship them over to London and break up a selling organization that has existed in this country for the last seventy years, and of which we are justly proud. As a result of the efforts of these few gentlemen to whom I have referred they lost $800 last year, without taking into consideration the salaries and expenses of the men who were doing the work. They lost on the actual buying and selling of the cheese, so I would ask the minister in future to maintain more strict supervision over the expenditure of these amounts.

Mr. WARREN: I am rather at a disadvantage, Mr. Chairman; I came into the house while the hon. member for Lanark (Mr. Thompson) was speaking, and certainly I was unaware that there was to be a speech of this kind dealing with this question. I realize that the riding represented by the hon. member for Lanark is more interested in the question of cheese than the riding which I represent. We do a good deal of dairying in Renfrew county, but principally in connection with the manufacture of butter rather than cheese.

Because I was not aware that this question was coming up I have none of the figures before me, but I must take very strong exception to the view that has been expressed by the hon. member for Lanark. Particularly must I take exception to an hon. member of this house adopting the attitude that the farmers of Canada ought not to bother their heads about the marketing of their own products. If there is one thing the farmers of this dominion ought to learn it is to pay some attention to the marketing of their products. We have been given, not only by the Department of Agriculture but by the farmers' organizations themselves, a great deal of education with regard to the proper grading of our products. During the past few years we have learned to sell our eggs on a graded basis. We have learned to a certain extent the proper type of hog to produce for the British market. We are learning that we ought to have our cream in proper condition so that we may produce the proper quality of butter for our markets. All this sort of education has been of great benefit not only to the producers but also to the consumers throughout Canada. Now we have reached a stage in the cheese industry, as far as grade is concerned, where there is not very much opportunity for improvement. Something happened last year, of course, that caused our grade to go down to some extent, but two years ago, if I remember correctly, our cheese graded something like ninety-eight per cent No. 1.

Here we have an effort on the part of the farmers of Ontario to get together in an organization of their own, financed by themselves, receiving a small grant from the federal treasury, and to improve the marketing of this important product. We must remember that in regard to cheese we are almost entirely dependent upon the export market. Our home market is very limited; we do not appear to be a cheese eating people. The situation is very different in regard to butter; we consume practically our total production of butter, but we must sell our cheese in outside markets. Here we have farmers representing every county in which cheese is manu-

factured. These men get together and form an organization, which is surely a democratic organization, with directors appointed for each county. These men get together to study the whole question, and they make an effort to improve matters in connection with the selling of this product, to my mind with very considerable success as a beginning. It is true that they had a man in England last year, and I believe that this feature of their work is not being carried on this year. Even at that they are experimenting and studying the whole question. Yet we have the spectacle of a member of this house who represents a dairying section of the country objecting to farmers getting together and doing something for themselves in connection with the sale of their own product.

I submit that the farmers are entirely within their rights when they get together and say, "We are going to impose the small tax of one-tenth of a cent per pound, or five cents per hundred pounds, in order to make our contribution towards the organization." We must remember that that organization is in its infancy. They are experimenting and trying to find out how they can improve the market for and the sale of their own product. Yet this hon. member who comes from a farming community objects, contending that the farmers ought to attend to the production end and leave the selling to somebody else. That "somebody else" would mean commission houses; certainly they will take care of their own profits. The farmers, I repeat, are entirely within their rights in making an effort along these lines in order to better the selling of their product. If the Department of Agriculture is willing to give assistance to the organization by way of a small grant I am sure such assistance would be appreciated by the farmers of the province.

I have discussed the work of the organization with the heads of the Department of Agriculture and I find they are in complete accord with what is being done. They believe the efforts of the organization will be of considerable value to the farmers. I am entirely in favour of farmers getting together at any time to improve the marketing of their own products, and certainly to my mind there should be no objection when they are willing to finance the scheme by imposing a small tax on themselves.

Mr. GARDINER: Before the discussion proceeds further may I point out that we are discussing item No. 8, but it is item No. 6 that is before the committee. If hon. members are prepared to pass item 6 and proceed to discuss No. 8, I shall be content. I do suggest however we should discuss the items as they come before the committee.

Mr. LEADER: Under what item may we discuss matters in connection with beef cattle?

Mr. GARDINER: Item No. 11.

Mr. SENN: When the item was before the committee the other evening there was some discussion about what is commonly known as the Shaw report. The minister stated frankly that the report had been somewhat changed. I am pleased to state that to-day I received by mail a copy of the new edition—I do not know whether I should call it a report, because it is not so designated.

I believe the old report was concurred in by all the members of the committee who went overseas. I stated the other evening that some very good men were on that committee. Certainly the officials of the department who visited England are efficient and capable men. I have no reason to believe that they would include in a report statements with which they are not fully in accord. In fact the initial report in its foreword, signed by the director of marketing services, Mr. Shaw, states that the findings and recommendations contained in the report are agreed to in principle by all members of the party. Yet we find that shortly after the report was printed and issued it was suppressed and distribution cancelled; meantime a new report has been drafted and is now presented to parliament. In many respects the new report is different from the old one. The other evening I asked the minister why the changes had occurred, and he replied they had been made because of certain complaints and because of certain reports which had been issued; I cannot think however that those were all the reasons for the change. I feel that complaints have been made from certain quarters of which we have not been made aware.

I asked the minister if any of the industries or interests connected with the marketing of farm products had objected, and he said they had not. But there is undoubtedly some reason, and a very important one, for the change in and the redrafting of the report and for the incorporation in the new report of matters which were not in the old one.

It seems to me that to change a report drafted by a committee which spent a considerable sum of money in connection with the matter is an unusual procedure. The report has been garbled, certain of the findings have been left out, and some of the recommendations have been changed. I suggest the minister should make a more frank state-

ment than he made the other evening as to what occurred, why the report was changed and from what points the complaints came. He should take the committee into his confidence, because I believe if he does so he may hasten the passage of this particular item.

Mr. THOMPSON: May I point out to the minister that I was discussing the marketing end of the matter, and would appear to have been in order.

Mr. GARDINER: Item No. 8 is the item with respect to dairy products. Marketing services in connection with dairying products would come under item No. 8. We are discussing administration at this time.

Mr. THOMPSON: I wanted an opportunity to reply to the hon. member for Renfrew North.

Mr. GARDINER: We will come back to that subject, but at the present time I should like to have the discussion in proper order. If we are going to run up and down the list we will be in difficulty all the time.

Mr. THOMPSON: All right.

Mr. GARDINER: The hon. member for Haldimand (Mr. Senn) has raised a matter which was discussed the other evening. I believe he has very effectively in his first few observations answered the question which is in his mind. He pointed out that the first pamphlet issued was the report of a committee. As I indicated the other night that was a committee composed of some officials of the department, and some officials of farmers' organizations and of one canning organization, all outside the department. Those men went to England and examined into the conditions surrounding the marketing of farm products in Great Britain, and in pursuance of their observations made a report. I believe it goes without saying that a committee of that kind writing a report would be likely to make some recommendations which any government in office would find it impossible to put into effect. They might even make some criticism of the activities of the government of the day. However, they would make their report on the basis of what they themselves considered to be fair in connection with the case.

A report of that kind was issued and, as was stated a few moments ago, it was published. Somewhere between five and six thousand copies in English and French were printed and in the neighbourhood of 5,000 copies were circulated throughout Canada. I believe every hon. member of this house received a copy, as well as the members of most of the legislatures of the different provinces; each daily newspaper in Canada received a copy as well as all the agricultural papers. I believe that most of the farm organizations of one kind or another also received copies. In other words, there was a wide distribution of the publication.

The statement I made the other evening was that after the press summary had been handed out there was one statement which perhaps unduly called attention to certain findings of the committee and made it appear that those would likely be acted upon. As a result of criticisms that were made, the report was not circulated to the general public but it was left in the possession of the press. It was not suppressed; as a matter of fact it was placed in the hands of every publicity organization in this country. Most of the newspapers across Canada wrote editorials having to do with the report or commented upon it in one way or another. I venture to say that no report made by a committee to any department of government has had more publicity than the one we are now discussing.

The department decided, and I as minister take responsibility for that decision, that an outline of the policies adopted as a result of this report and certain information which the report contained, would be more beneficial to the general public, particularly to the farmers throughout Canada, as indicating the ways and means that were going to be adopted, than the report itself. I asked that the publication which would go out to the general public as a result of requests coming in should contain the actual policy of the department, decided upon after having had the report of the committee. What I read the other evening was the main part of the new pamphlet that was brought out and which sets forth the policy of the government decided upon as a result of having obtained the report of this committee, presented to us I believe on December 8 last. In the first division of this new publication on pages 8, 9 and 10, will be found set out the general policy, and the pages following will be found to contain the information gathered by the committee that it was considered would be of general interest to the people of Canada. These pages contain the information that they should have to arrive at conclusions as to what might be done, either by processing organizations or the producers themselves, to produce a product up to the standard and grade that is intended to be handled through the department.

I think these explanations cover everything that has happened up to date. If there are

other questions that hon. gentlemen desire to ask, I shall be pleased to give the information.

Mr. PERLEY: What does the minister call this new publication?

Mr. GARDINER: In common with many other publications got out by the department, it contains information with regard to the policies of the government in connection with marketing. It contains information on marketing gathered by the committee.

Mr. PERLEY: In the centre of the front page of the first one is the word "report." It is not on this one. What does that mean?

Mr. GARDINER: The previous one was a report.

Mr. HARRIS: I have seen a great number of reports in the last decade and a half during which I have been in this house. This states distinctly that it is a second edition of a report. I do not know just what it is if it is not a report. The minister says it is a new publication. Is it the second edition of the first report, is it a new publication, or is it another report?

Mr. GARDINER: It is a report in the sense that it reports on marketing conditions in the old country, but it does not contain the recommendations that were in the first part of the report as submitted by the committee.

Mr. HARRIS: The words "second edition" should be deleted, because it is not really a second edition of the first report.

Mr. ROWE (Dufferin-Simcoe): This seems to me to be a strange procedure. I agree with the hon. member for Haldimand (Mr. Senn) when he says that there should be more explanation by the minister as to why this change was made. Five thousand copies of a report by a committee appointed to investigate marketing conditions overseas were circulated throughout the country. I have not a copy of the old report before me, but I have one of the new. The hon. member for Qu'Appelle (Mr. Perley) has pointed out that the word "report" does not appear on the front page, while the hon. gentleman who has just spoken points out that it states it is a second edition of the first report. It is published by the direction of the Minister of Agriculture (Mr. Gardiner), but the word "report" is missing from the second page. On the third page, where we would ordinarily expect to find a submission over the signature of Mr. Shaw, as chairman of the committee, to the effect that the report was being transmitted and was based on the personal investigations of marketing conditions made by members of the committee, no such statement appears on that page. The so-called foreword is placed on that page of this so-called second edition of a report, or whatever you wish to call it.

Mr. GARDINER: It is not the report of the committee.

Mr. ROWE (Dufferin-Simcoe): It does not say it is a report of the department; it does not say it is government propaganda, nor does it say that it is a political handbook taking the place of a report. It is the most nameless and peculiar document I have ever seen presented as a report to this house since I have been a member. Surely there is some reason for its being presented. I hope it is not because of conflict between the Department of Trade and Commerce and the Department of Agriculture. There has been danger of that under other governments as well as under this one, and I believe it has not been eliminated entirely at the present time. As the old saying is, "the letter killeth, but the spirit giveth life," and as we are all interested in marketing conditions overseas, the wording of this very important document may mean very little. I commend the government for any efforts they have made and for any they propose to make in the future in connection with investigating conditions overseas. For many years I have felt that our governments have been all too lax in making thorough investigations into the needs of the consumers in this and other countries. This information is essential to a country that depends upon export markets for the disposal of a considerable proportion of its agricultural products. It seems to be even more important to our domestic welfare in this country in view of the fact that we consume in our own markets the greater percentage of what we produce. Fortunately perhaps at times, but at many times unfortunately, a small surplus automatically sets the price at home. It is therefore most essential that our markets overseas should be carefully studied and every assistance given in order not only to standardize products but to classify our exports and regulate the supply so that a fair price may be maintained.

While I have not a copy of the report at hand—the real report—of the committee which was named by the department to investigate these conditions overseas, I have read it; I received a copy of it some time ago. It is strange that that report is not before us at the present time. Surely the department and the treasury of this dominion will pay the expenses of that report even though they were employees of the department.

Mr. GARDINER: Mr. Chairman—if I may be permitted—one of the reasons why all the copies printed were not sent out was that we might have a sufficient number here to supply hon. members any time they liked to ask for them, and they are available, if hon. members desire to get them.

Mr. ROWE (Dufferin-Simcoe): All I would say in that regard is that if there is a large supply—

Mr. GARDINER: There is not a large supply. There are enough to supply all the members.

Mr. ROWE (Dufferin-Simcoe): Then I would suggest to the minister that he see that every hon. member is furnished with a copy of the report before this item passes.

Mr. GARDINER: Every member has already had one. If any hon. member desires another one, he can get one upon application to the department.

Mr. ROWE (Dufferin-Simcoe): I suggest that they be provided with another one. True, every member had a copy last fall, but those copies may be some place in their libraries at home. I venture to say that there are not half a dozen available at the present time in members' rooms in the House of Commons.

Some hon. MEMBERS: Oh, yes.

Mr. ROWE (Dufferin-Simcoe): They went as ordinary literature. This is an important report, but I think the old report is much more important and much more necessary for the solution of this great problem of marketing than is this document we have before us.

I compliment the department and the government upon the selection of the men who made this investigation overseas. Besides Mr. Shaw, I see the names of Mr. J. F. Singleton, Mr. L. Pearsall, Mr. R. M. Scott, Mr. R. A. Wright, president of the Western Canada Live Stock Union; Mr. J. F. Lindner, Mr. C. L. Smart and Mr. H. King to advise on merchandising problems. I do not know all of these gentlemen, but I am acquainted with most of them and I believe that no finer committee could have been sent over to investigate these matters. Now these men, who are divorced from politics, who are not under the necessity of appealing to the popular sentiment of any district, who are public servants, having made a careful study, their report should have been submitted as it was. I merely point out that instead of the submission signed by Mr. Shaw we have the following statement:

> The agricultural marketing policy and the results of the investigations conducted in the United Kingdom are presented as a guide to those interested in the production and marketing of agricultural products.

A change entirely on all three of the first pages of this document, even though it is called a second edition of the report. When one turns to the table of contents one sees indications of more important changes which we can expect through the report. In the first place, the recommendations of this important committee are left out entirely, and the policy of the government is put in their place. I know every member of this committee will agree with me that for many years we have recognized the fact that countries overseas such as New Zealand, Australia, Denmark, and the Union of South Africa, in many respects, as regards marketing in foreign countries, have more careful plans, more systematic, more cooperative and I might say more scientific production and distribution of their agricultural products than we have. This committee made a careful study of the publicity used by those countries to advertise their products and the policies followed in order to regulate their supplies and standardize their grades; and, strange as it may seem, the table of contents shows that the publicity and policies of the exporting countries of Australia, New Zealand, the Union of South Africa and even Canada are left out entirely.

Turning to the next page, we have really only the heading left so far as the original report is concerned. "The British market and the Canadian farmer," it is headed—"Introduction." It does not even say when the committee's investigation started, or when it was concluded. The summary of the first report is now made the introduction to the second —so-called—edition.

The next item on the same page is headed "Summary." The first paragraph of the original report, of which this is called the second edition, is left out entirely. In fact one of the most important paragraphs of the summary of this committee is deleted.

Then we find that the next three paragraphs, while they are differently numbered, are the same. In a paragraph headed "Knowledge of Canadian Products," we find the first sentence changed. The original report of this committee of investigation found that overseas, Canadian goods seldom stood out; in other words they were not marketed as they should be, they were not of a grade or quality

that enabled them to stand out. That sentence is entirely changed, and this second edition, this more or less political document, states that "very few retailers so display Canadian goods that they are easily recognized." Just imagine; we have a committee of investigation, any one of whose members I would say, in all fairness to the minister, has made a more careful study of marketing problems and of scientific agriculture than either he or I; they come back and report to the department that Canadian goods do not stand out, in other words are not advertised as they might be; and yet the second edition coming from the minister of the department says that "very few retailers so display Canadian goods that they are easily recognized," evidently turning the blame on to the distributor in the old land.

On the same page, preceding this, there was another paragraph which was headed, "Little apparent benefit by past advertisement." The committee found that there was little benefit to the producer by the advertising policies pursued in the past. I should like to ask the minister why that entire paragraph is deleted. These two paragraphs outline the very crux of the problem, but they are not particularly advertising the department and thus evidently left out.

Following that, one paragraph is left in, and the purport of it is that despite these weaknesses of the past there is no ill-will in the markets overseas among our consumers there.

I submit in all fairness to this committee that after having such an able committee going overseas and investigating and finding out that our present advertising methods have more or less failed, that our goods are not marketed as they should be, that they are not holding the place of prominence which they might—finding out these different weaknesses that many of us in this country have talked about for years and coming back and laying a report before the department. We should have that report. While the treasury paid $5,000 or more for a report, to-day we have not that report before us, but we have another document which more or less smothers, beclouds and deletes the most important features of the original report.

Mr. LEADER: Why should the hon. member blame the minister? Every member of this house received a copy of the report. I have one upstairs. I cannot see the point he is making, because the report is available to everyone here, and everyone could have studied it if he so wished.

[Mr. W. E. Rowe.]

Mr. ROWE (Dufferin-Simcoe): I blame the minister because he calls this the second edition of the report.

Mr. LEADER: And we have the first.

Mr. ROWE (Dufferin-Simcoe): "We" have. Has the hon. member?

Mr. LEADER: Yes, I have one upstairs.

Mr. ROWE (Dufferin-Simcoe): Let me point out to the hon. member that these reports were submitted early last fall, and that there are many agricultural producers who are not in this house, who have been making an intensive study of this problem of systematic marketing.

Mr. GARDINER: The other night I gave the house information in regard to this matter. I pointed out that we publish over three hundred reports of different kinds each year. Why should I be expected to have a copy of this report on every desk to-day when there are no copies of the other reports and no one suggests that there should be?

Mr. ROWE (Dufferin-Simcoe): Did the minister print a second edition of the other three hundred reports?

Mr. GARDINER: Some of the others have run to a tenth edition.

Mr. ROWE (Dufferin-Simcoe): If every edition of the other reports is changed as much as this edition, by the time the tenth edition is reached no one will recognize any similarity between the tenth and the original. That, however, is apart from the issue. This is an important matter, Mr. Chairman. Every member of this house recognizes the importance of studying world markets. Some years ago I proposed in this house that we should establish an export marketing board, and I also suggested that we should do what the minister himself evidently set out to do in connection with the investigation of conditions overseas. No one ever expected that there would be produced, at the expense of the country, a report so changed and garbled as this one is.

On the next page there are also many changes. Page 8 is the most important of all. It was the page which in the old report embodied the recommendations of this committee of trained and experienced men who had studied the problem—the recommendations that they were asked to submit to the department. Here we find this page of the first report entirely wiped out and replaced by a reprinted speech of the Minister of Agriculture made on January 24, 1938, and apparently copied from the recommendations of

the original report, because we find in several paragraphs almost the very same wording. Here, however, they are not set out as recommendations from this able and efficient committee that went overseas to investigate market conditions, but as a speech delivered by the Minister of Agriculture in this country.

Mr. GARDINER: In the city of Ottawa.

Mr. ROWE (Dufferin-Simcoe): Yes, in the city of Ottawa. I remember it very well. I thought it was a reasonably sound speech in many respects and I did not suppose for a moment, at that time, that it was merely a recital from the recommendations submitted by the committee whose original report the minister now fails to bring before us.

Mr. GARDINER: Was the hon. gentleman at the meeting?

Mr. ROWE (Dufferin-Simcoe): No, I was not.

Mr. GARDINER: That is why he does not understand. I read it all and said that it was from the report.

Mr. ROWE (Dufferin-Simcoe): Well, here we have the spectacle of the minister reading this report at a public meeting—not all, but part of it—as his own speech, and now to-day we find that he refuses to give it to parliament except as a changed second edition.

Mr. GARDINER: The hon. gentleman had better read the heading on page 8.

Mr. ROWE (Dufferin-Simcoe): The headings are about all that the minister has left of the original report. He has been very careful to have all the headings practically the same. Only this morning did I receive this report, and about fifteen minutes to three I had a chance to compare it with the original. I did not have a copy of the original report in my room and therefore borrowed one from another member. I compared the two, and I venture to say that throughout the balance of this edition there are proportionately as many changes as I have so far indicated.

I suggest that we should not pass this item until we have a fuller understanding of the original report which was submitted by the committee that investigated marketing problems overseas. And we should have that independent of politics. The heading on page 8 is "The Marketing Policy" and under that there is the following:

> The Honourable James G. Gardiner, Minister of Agriculture, in an address delivered at the annual meeting of the Canadian Chamber of Agriculture, Ottawa, January 24, 1938, stated the policy which the department intended to follow as a result of receiving and adopting many of the recommendations of the report of its investigating committee.

It would be interesting, as the minister says, to read it all, and I hope that I shall have an opportunity in the future to do so, in order to ascertain whether he and his department have lived up to all these splendid policies which he said would be put into effect, but none of which have been carried out.

Mr. GARDINER: Read page 10.

Mr. ROWE (Dufferin-Simcoe): The minister wants me to read that page. Why should he not? This is an entirely new page and it is more or less an advertisement of the government's virtues. The headline is "Proposals already made effective." I venture to say that the committee had nothing to do with that heading. This is written by the department; it is a new page. If this report were all like this page, of which the minister seems to be so proud, he could well use it as a political handbook and take it with him for the forthcoming election to Saskatchewan. This is nothing more or less than a political sheet. An hon. member asks me, don't I like it. Yes, and most of it was in effect before the present government came into power.

An hon. MEMBER: Which parts?

Mr. ROWE (Dufferin-Simcoe): As a matter of fact, what part of it has not been considered before? What has this government done so far as agriculture is concerned? The hon. gentleman seems to smile in satisfaction at what this government has done. I can show various ways in which the government cannot take credit for what has been done. They cannot take credit for the things that were done prior to their assuming office.

I have not had time to go through the whole of this report and I am not going to read it all. I do not propose to have my friend tell me what I am to spend my time on when I am speaking, but I see before me paragraph 5 on page 10, which I would ask my friend to read. As he reads he will find that the real steps to expand the marketing of bacon overseas were taken long before his party came into power, and the increase in the exports of that commodity is a fair test of the effect of those measures. Many other similar items could be pointed out.

On page 29 of the new report another political paragraph is interjected. There is a long statement covering two or three pages dealing with the market for bacon products overseas, and on page 29 there is a curious paragraph. We sat in this house some years ago and heard members of the present government party for weeks and weeks condemning

the empire trade agreements, only one member of that party voting for them. Yet here we have interjected into the report a paragraph not a syllable of which I venture to say was mentioned by the committee of investigation which reported to the government. Just listen to this:

The trade agreement of 1937 assures Canada the right to supply up to a total of 280,000,000 pounds a year.

Do any of my hon. friends say that that right had not been secured before this government came into power? This right was secured in face of the opposition of every hon. member of the party now in power except one. To quote further:

Article 5 of the trade agreement between Canada and the United Kingdom states the position as follows:

"The government of Canada, recognizing that it is the present policy of the government of the United Kingdom to promote the orderly marketing of bacon and hams and of meat in the United Kingdom with due regard to the normal development of trade, declare their willingness so far as their power extends to continue to assist the government of the United Kingdom in carrying out this policy, and in particular, to furnish from time to time estimates of forthcoming shipments of bacon and hams and cattle and beef.

As regards bacon and hams, the government of the United Kingdom undertake:

(1) that any duty or levy which may be imposed on bacon and hams imported into the United Kingdom shall not apply to imports of Canadian bacon and hams when consigned from any part of the British Empire;"

Those are clauses of the 1932 agreement which every hon. member on the government benches to-day opposed, and I venture to say that the Minister of Agriculture campaigned against them in Saskatchewan.

"(2) that there will be no regulation by them of such imports unless the rate at which the trade from Canada progresses towards two and one-half million hundredweight per annum should become abnormal and such as to endanger the effective working of the system of supply regulation;

(3) that no such regulation would be put into effect without prior consultation with the government of Canada."

I hope they will keep that third undertaking in mind when they are negotiating the trade agreement with the United States. So I point out this interjection so far as the original report is concerned; I venture to say that not one clause of it was written by the committee of investigation. Why it is there no one knows better than hon. members who recall the opposition given to the trade agreements of 1932, which the government now take credit for having endorsed in 1937.

[Mr. W. E. Rowe.]

Mr. GARDINER: Does my hon. friend intend to convey to the committee the impression that these terms which he has just read with regard to bacon were in the 1932 agreements?

Mr. ROWE (Dufferin-Simcoe): Again I say that "the letter killeth, but the spirit giveth life." No one knows better than the minister that the principle was established by the government of that time against the opposition of his party.

Mr. GARDINER: This is not the wording of the 1932 agreements.

Mr. ROWE (Dufferin-Simcoe): Not the exact wording, perhaps. If the minister wishes to discuss exact wording I have some very interesting things from the few minutes' comparison I had time to make.

The chief features of the report of the investigation which was made have been more or less deleted, and what might be termed political touches substituted. Turning to page 44 of the old report—there is one here yet—you will see the difference between the investigating committee's report and the government's political handbook. Perhaps the end is taken to justify the means, but when the people of the country read the report of the committee and the political twist given it by the government of the day they will see a vast difference. In the latter there is very little information as to the way it is going to be put into effect, only pious hopes and advocacy of policies that they believe might attract the people, but nothing definite even in that. By a coincidence it is on the same page of this anomalous document—the minister says it is not a report; it is just a second edition of something. The original report said:

In view of the controlled market for these products in the United Kingdom we have no recommendations to make.

But it also says, under "Recommendations":

Nevertheless, a certain quantity of them is constantly being exported. This fact would seem to indicate that the quality of our product is satisfactory and, provided British control measures are modified, our export might assume considerably larger proportions.

The new report says:

In view of the effort to increase production of these commodities in the United Kingdom, of the very active domestic market in Canada and of the relatively higher prices for cheese than for butter, we have no recommendation to make.

That helps the committee out in the matter of wordage at least. Following that it goes on:

Nevertheless the quality of these products is satisfactory and considerable quantities particularly of unsweetened condensed milk and

milk powder are being exported. Exports of the former product will probably be considerably greater during 1937 than during 1936 or 1935, while exports of milk powder will probably be considerably less during 1937 than during 1936 or 1935. With a less active domestic demand and prices of butter more favourable with relation to prices of cheese, export of milk powder might assume considerably larger proportions.

They point out that in view of the buoyant times in Canada for the dairyman there was not so much milk powder exported, but that exports of condensed milk had increased considerably since this government assumed office. I do not think the committee were particularly interested in that. However, in chapter VI, at page 45, in connection with dressed poultry, where it might be understood that the empire agreements had helped the poultry producers of this country, after an exhaustive study of the matter and figures of imports for these years the original report of the investigating committee adds:

Consequently, Canada's share of the total imports (though still a small percentage), and that for chickens and turkeys, has gained during the past four years while the import figures have been declining.

In other words, we have a greater proportion; we have been gaining steadily for four years while the imports into Great Britain during the same time have decreased. That section is left out entirely in the new report. Why? Why on page 45 is a clause particularly added that seems to reflect some credit upon the government of the day, while on page 46 a clause is left out that might give some credit to the policies that were pursued by the previous government? The whole edition of the report is a political defence of the government of the day, burying the real report of the investigating committee in its truer sense.

There are many other pages to which reference might be made and many other differences that might be pointed out. At page 74 we find practically the end of the new edition, but as a matter of fact it was really only the beginning of the original report of the committee. From page 74 on it will be observed that there are tables with reference to imports and exports, and so forth. That is in the new edition. The last sentence of the old edition, the report proper, states:

The complaints need serious and immediate study.

That of course is left out of the new edition, and they end the report with tables of statistics with regard to imports and exports of practically all the countries of the world, especially concerning Canada in connection with the articles we send overseas. In the old report there were three full pages dealing with the marketing and publicity policies of exporting countries, including Australia, New Zealand, South Africa and Canada. I submit that this is in fact one of the most important parts of the report. I believe we need better marketing conditions overseas, and I further believe that only by careful study of the requirements can we lay sound and reasonable plans for supplying those markets. I feel that we have made too little study of these problems in the past. For many years in this country we have failed to study the demands of the consumer; we have failed to do our grading as they desire, and even more dismally failed to export a regulated and carefully inspected supply. Any steps that may be taken in this house to remedy this condition will receive my heartiest support. For some ten years now I have proposed, both to this government and the previous government, that steps should be taken to fulfil the requirements of these markets overseas. I think at one time in this house I proposed—and I would not hesitate to propose it again—that we might make some effort to establish what might be termed a quid pro quo between those in the agricultural districts of Canada and those in the industrial sections. I think it is just as reasonable to put a bonus on export agricultural products as to put extremely high tariffs on industrial products.

I am convinced, Mr. Chairman, that until we have a more prosperous agriculture in this country there will be no sound and lasting solution of the great problems which exist in Canada to-day. I am also convinced that this government has much more to do in the search for markets overseas than merely change a report like this to suit itself. It has an obligation to protect agriculture as well as the industries that give employment in the urban centres. With the situation that exists in Canada to-day, in regard to our imports of agricultural products, everyone engaged in agriculture is keenly disturbed. We speak about finding a market for our cattle. One year we send them to the old land, and the government fits boats at great expense; another year we send them to the United States. There is no regularity of supply. We have a market in the United States. When the quota there has been filled, or when the price drops, where shall we send our cattle? In the western part of this province we have farmers who on their feeding lots are feeding cattle brought from western Canada last fall. I believe the government should be commended

for the assistance given in that connection, in regard to freight rates and so on. But, Mr. Chairman, while they were assisting the farmers of the west, and indirectly the eastern farmers who are feeding these cattle, at the same time they were bringing into this country eighteen thousand head of cattle in cans; all the hides taken off and the bones taken out in another country, and the cans manufactured by other people while our industrial workers stood idle. Surely this old matter of fiscal policy is no longer going to be—

The CHAIRMAN: Order. I would ask the hon. gentleman to confine his remarks to the item under discussion.

Mr. ROWE (Dufferin-Simcoe): I certainly do not wish to deviate from the item under discussion, but I know that nothing relates more closely to the marketing of agricultural products than does the fiscal policy of this country.

Mr. DEACHMAN: Hear, hear.

Mr. ROWE (Dufferin-Simcoe): Even my hon. friend from Huron North agrees with that, and I submit that when the hon. member and I agree you might very well reconsider your ruling.

The CHAIRMAN: The hon. member for Huron North would be out of order too.

Mr. ROWE (Dufferin-Simcoe): I do not propose to continue at any great length, Mr. Chairman, except to submit once more that the marketing of our agricultural products is seriously affected by the importation into this country of enormous quantities of the same products we are trying to sell. When we realize that enormous quantities of vegetable oils and vegetable fats which could be replaced with animal fat within our own borders are coming into this country; that we are now trying to find a market for over half of the lard produced in Canada, and that each year fifty train loads of vegetable oils come into Canada duty free, half of which consists of edible vegetable oils and replaces animal fats and lard used for cooking purposes we must understand that if that procedure is not stopped it will soon destroy the live stock industry of Canada. I make that statement as a farmer.

In his responsible position as a member of the government I believe the Minister of Agriculture, even though he may have clung to other fiscal theories in the past in connection with the marketing of agricultural products, should talk the matter over with the Minister of Finance. I well recall that when the Minister of Finance entered the house he showed strong inclinations towards that old and dusty doctrine of free trade. But the longer he sat in the house and the longer he has faced the problem the more he has realized that if we are going to develop Canadian resources we must bury the old differences between our fiscal policies and realize that in the marketing of the products of agriculture we are confronted with the competition of cheaply produced agricultural substitutes of other countries, and that those substitutes have been just as disastrous and have just as effectively hindered the farmers of Canada as have the longer working hours, lower wages and lower standards of living hindered the manufacturing industry.

I have always stated and repeat to-day that the farmers of Canada are entitled to the same fiscal policy as the industrialists. There must not be one policy for one class and another for another. I do not suggest for a moment that because we have millions of pounds of oil entering Canada and taking the place of our own product the government should make a political gesture and state that in lieu thereof it will take the duty off farm implements, or something of the kind. The farmers of Canada do not wish to destroy another man's opportunity for employment. But they are concerned with the fact, as is every other citizen, that there must be jobs for their boys, jobs for their neighbours' boys, and markets for their products not only overseas but at home. Ninety-five per cent of the live stock produced in Canada is marketed at home. The committee was well advised on that point when it considered the marketing and publicity policies of Australia and New Zealand. We find that these countries consume only about fourteen per cent of their agricultural products, and must find an export market. The export market is almost their only market. But in Canada we have a vastly different condition; the development has been the other way. Our great market for agricultural products is right here in Canada. We realize that more fully when we are told that twelve carloads of meat go to Kirkland Lake every week. The district surrounding Timmins, and other extensive mining sections, provide important markets which must be given careful consideration.

I agree with many of the recommendations which have been made, and I hope the government may see fit to put them into effect. I believe there should be a national market. I believe the committee said there should be an empire market; the second edition however does not say that.

Mr. GARDINER: That does not apply to the higher standards.

Mr. ROWE (Dufferin-Simcoe): That might be well justified. I submit in all seriousness that the government should give consideration not particularly to licensing exporters, but that they may more carefully guard their products. To-day in Canada three-quarters of a million families are affected by the prosperity of agriculture. In view of the small amount of agricultural products exported from Canada I believe the government might be well advised to consider the advisability of a bonus policy in connection with the export of high class agricultural products.

All one needs to do is to drive along the roads of Canada and to see the buildings in need of repair in the rural districts to know that the standard of living in those districts is not comparable to that of even the humblest urban resident. Improvement along this line would involve an enormous amount of employment in Canada and an enormous amount of business.

I realize that while only a small portion of our agricultural production is exported, it is that small amount which sets the price in the home market. Someone may ask, "What about the consumers' league?" I would say, and I have no doubt the hon. member for Huron North would agree, that the consumers are not so much concerned about what they have to pay for their food, if they receive reasonable wages.

Mr. DEACHMAN: What about the housewives in Toronto?

Mr. ROWE (Dufferin-Simcoe): The hon. member has mentioned the housewives in Toronto, and I would agree where unemployment has been increasing, and where they have had no more work, and where they have been humiliated by taking relief. Certainly they do not want higher prices for foodstuffs. But I would rather be employed at sixty cents, fifty cents or even thirty cents an hour and pay twenty cents for a loaf of bread, than be unemployed and be able to buy a loaf for a nickel—if I did not have that nickel.

We must improve the standard of living and increase purchasing power. The prosperity of the farmers must be restored and so far as it can the government should assist in that restoration. If we are going to have any improvement in general conditions I would submit—and I suggest this is the common belief—that in the marketing of agricultural products the minister must give careful consideration to the vast amount of products being imported which are replacing the agricultural products of Canada. In this connection I mention particularly the importation of vegetable oils. Later I propose to deal more fully with the point. I know it is a matter which has been dealt with by others who have given it careful study.

I submit that any hon. member from an agricultural district in Canada who realizes the importance to our national welfare of the prosperity of agriculture will agree when I say that we cannot continue to import millions of pounds of edible vegetable oils and over 100,000,000 or 125,000,000 pounds of inedible vegetable oils. The inedible vegetable oils taking the place of the coarser animal fats, and the first group I mentioned, the edible oils, taking the place of the finer butter and animal fats produced in this country. It costs something to put fat on live stock; I know that. We will soon have a condition whereby the fatter we make our stock the cheaper they will be. Certainly that will be the result if the present policy is followed. I mention that in passing.

I submit the minister should see that every member considers the real report made by the committee of investigation, and should leave the most of this document for a political handbook at the next election.

Mr. GARDINER: As I indicated a few moments ago, the report has been in the hands of all hon. members of the house since last December. I shall refer first to the sentence which my hon. friend states has been left out of the new publication. This sentence reads: "The complaints need serious and immediate study." The reason for leaving out such a sentence in the present publication is that the department considers that we have given serious and immediate study to the report of the committee. I am particularly pleased that the hon. member who has just spoken is so satisfied with the personnel of the committee and the report which they made. I am sure that can be looked upon as an endorsation of the action of the department and of the men who went overseas to make this report.

Mr. ROWE (Dufferin-Simcoe): I do not wish to convey the idea that I endorse the report one hundred per cent. I endorse fully the motives for sending this committee overseas. I say again that they were an able committee and I believe the most of their report is reasonably sound.

Mr. GARDINER: I find the hon. gentleman more in agreement with me than I had expected. I do not agree with all of the report either. The whole report has not been

adopted as a matter of policy. As I stated a few moments ago, this committee was made up only partly of officials of the department. When a government appoints a committee to report on anything it expects the members to use intelligence and to give expression to any views they may have as a result of their investigation. However, when the government considers the report and announces a policy to be based thereon, it is quite natural that that policy should not be in exactly the same terms as the report, unless the government is accepting all of the report. In this case, as in most cases, the department has not accepted the whole report, although I think I would be safe in saying that we have accepted at least ninety per cent of the suggestions made by the committee. As the government had given serious consideration and study to the report and had come to certain conclusions, I thought it was unnecessary to have that sentence included in the publication.

Coming back to the first item which was discussed at considerable length, and which reads:

This is the second edition, with certain changes and additions, of a report on the markets of the United Kingdom, including a statement of marketing policies by the Minister of Agriculture, the Hon. James G. Gardiner, and a list of proposals which have been put into effect.

This report outlines the results of an investigation conducted during the summer of 1937 by a special committee named by the Minister of Agriculture.

The committee is then named.

—to advise on merchandising problems.

The agricultural marketing policy and the results of the investigations conducted in the United Kingdom are presented as a guide to those interested in the production and marketing of agricultural products.

I do not think that any further explanation is required in order to indicate what this volume contains or what the objects were for its publication. It has been stated that considerable changes were made in the introduction. Of course this is an introduction to a different publication. Exception is taken to the similarity between the recommendations of the committee and the policy adopted by the government, as outlined on page 8. I intimated that in announcing the policy I was only reading the recommendations of the committee. In view of the fact that my hon. friend agrees with most of the recommendations made by the committee, I shall not consider it a criticism of the department or of myself that the greater part of the recommendations were accepted. I would direct his attention to the reasons given on page 9 for leaving out some of the previous paragraphs.

The dominion Department of Agriculture does not and never has conducted advertising campaigns in Great Britain. Any recommendation made with regard to the advertising of agricultural products would be considered by others, not by the Department of Agriculture. In studying our policy with regard to the matter we have not dealt with advertising. Something has been said to the effect that there were criticisms of past advertising policies, and my hon. friend agrees that some criticism was warranted in connection with the matter. "Advertising policies" was the term used in the report of the committee. I repeat what I have said in this house on two previous occasions. I did not wait for the report of this committee to say that, I made that statement as a result of my own investigations in Great Britain in the early part of 1936. For some time previous to that, I do not know for how long, there had been no advertising carried on in Great Britain similar to that carried on by some of the other dominions of the empire. In the interval between that time and now there has been a considerable speeding up in the advertising program in the old country, but that has not been done by the Department of Agriculture. Therefore, nothing is said about it in the announcement of the policy with regard to marketing activities.

Mr. ROWE (Dufferin-Simcoe): The minister said "for some time previous." Did we ever conduct an advertising campaign equivalent to that of Denmark?

Mr. GARDINER: I do not recall that there has been one. So far as I know there never was an advertising campaign that would compare with that of New Zealand, Australia or some of the other dominions. The hon. member has pointed out that the announcement of policy on pages 8 and 9 are the recommendations of the committee word for word. The only changes that are made are in the terminology in connection with the appointment of the chief official who is to represent us in England.

It was said also that the proposals outlined on page 10 are merely a repetition of what had been carried on previously by the department. I want to say that there is not a single item in the ten outlined on page 10 that was carried on by the department previously, with the exception of item No. 5, referred to by the hon. member.

Mr. ROWE (Dufferin-Simcoe): What about the first one, which deals with the appointment of an agricultural commissioner?

Mr. GARDINER: There was no agricultural commissioner in London when this report was made to the government.

Mr. ROWE (Dufferin-Simcoe): Steps had been taken with reference to the appointment of a commissioner.

Mr. GARDINER: Those steps had not been completed when the report was made. This gentleman left for England just last week.

Mr. PERLEY: What about trial shipments of poultry?

Mr. GARDINER: Proposal No. 6 reads:

Most of the recommendations made in regard to poultry are already embodied in new regulations. Several trial shipments of fresh eggs have been successfully made to the British market and it would appear from the results to date that there is a definite possibility of establishing a regular trade in fresh eggs.

That activity started only last fall. Let me go through the whole list, giving just enough in each case to identify the paragraph:

1. An agricultural commissioner, to be stationed in London, England, has been appointed.

2. A standardization trade mark has been adopted.

3. Arrangements have been completed to have a definite quantity of fresh-killed beef forwarded weekly to the London market.

4. The seed of a particularly promising new variety of tomato has been purchased.

5. A comprehensive study of processing and handling of export bacon is under way.

6. Most of the recommendations made in regard to poultry are already embodied in new regulations.

7. Several of the recommendations made in regard to fruit and vegetables are also embodied in regulations already worked out and in operation.

8. A satisfactory method of marking Canadian cheddar cheese has always been regarded as extremely difficult. This difficulty has recently been solved and it is now possible to use a mark which is not only permanent and distinctive but entirely practical.

9. Transportation as it applies to the handling of perishable products at Canadian docks is under investigation.

Mr. ROWE (Dufferin-Simcoe): That is not new.

Mr. GARDINER: It is entirely new.

Mr. ROWE (Dufferin-Simcoe): It certainly is not.

Mr. GARDINER: Well, my hon. friend may know more about it than I do, but it certainly was not going on two years ago and is only now being put into effect as a result of cooperation on the part of the Department of Agriculture with the Department of Transport, which was not in existence until two years ago.

Mr. ROWE (Dufferin-Simcoe): There were trial shipments made with reference to dressed beef.

Mr. GARDINER: There was beef killed in Saskatoon—

Mr. ROWE (Dufferin-Simcoe): The ships made available by the former government are not made available by the present government.

Mr. GARDINER: Yes, there was beef killed in Saskatoon some years ago, shipped under the same facilities as there are now. This has nothing to do with that. No. 9 continues:

The Department of Agriculture in cooperation with the national research council has the matter under consideration.

This is the question which was discussed in the house the other night.

Mr. ROWE (Dufferin-Simcoe): It is not new to have it under consideration.

Mr. GARDINER: It is new to have it under consideration by the research council, because it was just transferred there within the last few months. Previously it was under consideration by the Department of Agriculture. We came to the conclusion that this would have to be transferred to the research council for further investigation, and we have asked the cooperation of the Department of Transport in putting into effect any results we get from the investigations that are being carried out. That is an entirely new thing, started, not altogether before this report was made, but, in so far as the Department of Agriculture is concerned, turned over to the national research council before the report was made.

Mr. ROWE (Dufferin-Simcoe): Every one of those was started before this government came into power, and not one is completed yet except the trade mark.

Mr. GARDINER: That is one of the difficulties I have found as a result of following the old government.

Mr. ROWE (Dufferin-Simcoe): The minister has followed it pretty closely.

Mr. GARDINER: A great many things were started, but they had not got anywhere. We have undertaken during this last year to try to put some of these policies into effect, and page 10 gives ten of them which have been brought into effect since the report of the committee which is under discussion was made.

Mr. SENN: They are mostly try-outs.

Mr. GARDINER: I agree with the hon. member when he compliments the government upon the selection it made of the committee and compliments the committee itself upon the report it made. The report is based upon observations made overseas; the recommendations which the committee made were based upon those observations, and the policy which the government has followed since receiving the report on December 8 last has been based upon the recommendations contained in that report. In the publication which I have in my hand are given the policies of the government based upon those recommendations and the information presented by the committee upon which those policies rest, and that is being forwarded to anyone who desires to have it, to be read as an assistance in coming to conclusions as to what ought to be done in the production of our products, in grading them, and, finally, in placing them before the customer, either in this country or in Great Britain.

I think that is all I need to say with regard to the report. I see no necessity for holding up this particular item because the old report is not at the moment available to each hon. member. The old report is available in the department to each hon. member if he desires to have it, and those who have brought their copies with them of course have them now available.

Mr. THOMPSON: Would the minister allow me just a moment? In regard to this report, about two weeks ago I was looking up some figures here, and I telephoned from my office to Mr. Shaw and asked him if I could have the old report. A copy was sent to my home some time last fall, before the house opened, and I knew it was at home. I told him I wanted one because I wished to get some data from him. Mr. Shaw told me copies were not available and I could not get one. Afterwards I telephoned to an officer in the dairy and cold storage branch, asking if I could have a copy of the report, and when I was told that it was not available, I had the report forwarded to me from my home.

Mr. ROWE (Dufferin-Simcoe): The hon. member might have got one from the Department of Trade and Commerce!

Mr. THOMPSON: I believe there were others who wrote to Mr. Shaw and received letters from him telling them copies of the report were not available; at least, hon. members have told me so.

Mr. GARDINER: As I said a few moments ago, when the printing of the report was discontinued I gave instructions that a sufficient number of copies were to be retained to supply hon. members if they desired to have those reports, and that they were to be available when this publication which I hold in my hand was made available to hon. members. This publication was made available, I believe, yesterday, and as I have indicated, a sufficient number of them has been kept to supply all hon. members with copies, either French or English, of the original report. There will be no distribution other than to members of the house, but I thought it was only fair that there should be sufficient copies for the use of hon. members for purposes of discussion and so on.

Mr. THOMPSON: Well, I could not get a copy. I was obliged to write to my home and have the one I had on my desk sent to me. There are other hon. members in a similar position.

Mr. GARDINER: That was three or four days ago?

Mr. THOMPSON: No; this is two weeks ago.

Mr. GARDINER: Well, I say they have been available since yesterday; as soon as this report was made available, the others were made available—

Mr. THOMPSON: That may be.

Mr. GARDINER: —in order that they might be compared.

Mr. ROWE (Dufferin-Simcoe): The minister suggested we should not press for the report—

Mr. GARDINER: Will the hon. member wait until I complete my statement? I have not finished it. There is no necessity for holding up this particular item. I think the report itself is sufficiently wide that it can be brought into the discussion of almost any item, and certainly any item under marketing; there are many other things in it which have to do with production and would probably come under production. I do not think there is any possibility of stopping the discussion on parts of this report or comments upon the report under any of the items that have to do with marketing. Therefore I would say, if there is nothing else to discuss on administration, we might pass this particular item and go on to some others.

Mr. SENN: The minister seems to have shifted his ground a little from the other evening, as to why this report was not distributed any further. He says now it was because he wanted enough copies saved to be passed around to members and others who desired them particularly.

Mr. GARDINER: No, Mr. Chairman. I think the hon. member does not wish to misrepresent me. I have not shifted my ground. The reason we stopped the further printing of the report is the reason I gave, but I did ask the department to keep sufficient copies of the report available to make distribution to hon. members for use when the matter was up for discussion in the house.

Mr. ROWE (Dufferin-Simcoe): The hon. member for Lanark could not get one.

Mr. SENN: In the minister's statement the other night about the copies that were issued, I find the following as reported in Hansard:

> At that time attention was called particularly to the press report which went out covering the report itself, and some exception was taken to statements in the press report summarizing the report itself. As a result of some of these complaints I suggested that the report as then published be not sent out to the general public.

Mr. GARDINER: Exactly what I am saying now.

Mr. SENN: No; the minister said it was because he wanted certain copies. However, I shall not press it.

Mr. GARDINER: I think the hon. member will find, when he reads Hansard tomorrow, that I made exactly the same statement a few moments ago.

Mr. SENN: I have in my hand a copy of the original report. It says it is published by direction of the Hon. James G. Gardiner, Minister of Agriculture, Ottawa, 1937. I am sure the minister would not authorize the printing and publication of this report unless he knew what it contained before it went out. It would not be reasonable to suppose that he would do so. But certainly some influence was brought to bear on him at a later date, so that he saw to it that this report was not distributed any further, and he said that it was because of certain complaints which were made. I asked the minister, when this discussion started this afternoon, where those complaints came from, and he has not yet told the committee. I imagine that the minister, when he changed the report, deleted from it any criticism of another department. Perhaps that was a courteous thing to do; but at the same time he did make deletions, and he is now presenting a new report which, I venture to say, nine out of ten people will not recognize as a second edition unless they happen to turn to the foreword, where they will find that certain additions have been made. The minister, in fairness to the committee, should certainly give us the information, which it is reasonable to ask for, as to who made the complaints, why the change was made, and why the first report was not published to any greater extent.

Mr. DEACHMAN: I desire to bring a note of good cheer to take the place of the clouds of pessimism which we have had for a few moments this afternoon. I was particularly moved by the remarks of the hon. member for Dufferin-Simcoe when he suggested that there was grave danger that the live stock industry of Canada might be ruined by the importation of canned meats. While he was talking, I checked up the figures and was impressed with this idea: If we were in danger, why did he not stop it when the danger threatened? He was in the house during 1933, or at least his party was here, and I find we were importing at that time 4,249,000 pounds of canned meat; the following year, 6,000,000 pounds; in 1935, 10,000,000 pounds; in 1936, while the tariff policies of the former government were still in force, our imports rose to what he would call the magnificent height of 12,000,000 pounds of canned meat, and yet no wave of trouble rolled across his peaceful breast.

Mr. ROWE (Dufferin-Simcoe): I suggest to the hon. member that all he has to do is to look back in Hansard, where he will see that I criticized the government of that day. Two wrongs do not make a right, and I criticized my own government.

Mr. DEACHMAN: I readily grant the contention that no other government which ever held power in the dominion was so fully deserving of criticism as the government of that day which the hon. gentleman supported.

An hon. MEMBER: You are getting back into line.

Mr. DEACHMAN: I will show the hon. gentleman that I have several lines, and the kind he likes, too. Taking the total imports of meat into Canada, the value in 1933 was $678,000, and that rose steadily to $964,164 in 1936.

Mr. ROWE (Dufferin-Simcoe): Give them for 1929-30.

Mr. DEACHMAN: The hon. gentleman wishes to go back too far. Let me give the exports—and, by the way, a Conservative is never cheered either by imports or by exports, because he believes in shutting the door both ways so that no one can get either in or out. Liberals, on the other hand,

though they do not always practise their faith as fully as I should like, believe, and I hope they will come to believe more fervently, in the development of export as well as import trade. Let me show what happened. Here are the exports of meat: In 1933, $6,000,000; in 1934, $15,000,000. Why do they not cheer now? They were in power when the exports of meat were increasing. In 1935 the figure was $24,000,000, a magnificent development, and the following year $24,000,000. And then the Liberals came in. In 1937 our exports were $36,114,000, or a greater gain between 1936 and 1937 than there had been in the previous period during which the Conservatives were in power.

Mr. ROWE (Dufferin-Simcoe): What was the change of policy?

Mr. DEACHMAN: I shall let the hon. gentleman explain that. We have heard to-day of the remarkable failure of all governments in developing markets in Great Britain, and one would think, from some of the speeches made this afternoon, that we were at least second-raters compared with South Africa, Australia, New Zealand, or almost any other country. Well, I sent for the Statistical Abstract for the United Kingdom while my hon. friend was unrolling his gobs of gloom, and this is what I find. I shall take the period from 1913 to 1936, because I wish to take as wide a range as possible in order to include all political parties. Between 1913 and 1936, the exports of South Africa increased from £12,000,000 to £13,000,000; Australia, £38,000,000 to £61,000,000; New Zealand, £20,000,000 to £43,000,000—and I congratulate them upon that—whereas from the Dominion of Canada the increase was from £30,000,000 to £75,000,000.

Sometimes we forget what we are. We are one of the foremost peoples in the world, and if I did not take the opportunity sometimes to remind the house of this fact we would forget it after listening to the pessimistic speeches of hon. gentlemen to my left, and would become so discouraged that even the grass would not start to grow. My hon. friend was worrying a few moments ago, and I thought I would give him a word of cheer. In 1933 our exports of agricultural and vegetable products to the United Kingdom were $114,000,000. After a couple of years of struggle they rose to $127,000,000; but in 1937—and this is the last year for which we have complete figures—the amount was $197,000,000.

Let us take exports to the United States—and my hon. friend will be glad to hear this. They dropped to the amazing point of $3,905,000 in 1933, and in 1935 they had moved up to $43,000,000. That is not too bad under a Conservative government. But then there came an opportunity for my hon. friends to vote for larger markets, and the hon. member for Dufferin-Simcoe lined himself up with the people who believe in the obstruction of markets. We opened that market, and in 1937 our exports reached $73,603,000. We are not doing too badly, and we would do better if we still further reduced our tariffs.

I do not think we can reach the point at which we can adopt the policy suggested by the hon. member for Dufferin-Simcoe. He suggests that we should bonus the export of farm products. I ask the committee and the hon. gentleman what other governments would do if we proposed to bonus the exports of agricultural products. Australia, New Zealand, the Argentine, South Africa, would have to follow the same policy, and in that case we would arrive eventually at the point at which we would be attempting to feed not only ourselves but the British people as well. In that case they would be willing to accept our products—or would they accept them? I do not know; but I think not, because, in this time of stress and storm, when one nation sets up barriers against others and then proposes to bonus exports, there is a tendency on the part of most other countries to restrict imports from the country that is giving the bonus, and therefore we would find ourselves worse off than before. When the hon. gentleman makes that proposal I wonder how far he thinks it will get us.

At one time we discussed in caucus—and I am not revealing anything now, because this was several years ago—a proposal to give a bounty on cheese, and it was agreed on all sides that if a bounty were given on the export of cheese from Canada the United States would invoke the law which calls for the imposition of a countervailing duty. Do we want a storm of duties and countervailing duties? Is not the true, rational policy—and I wish I could convince my hon. friend of this—to lower the cost of production and to expand markets? I suggest to him that we can never expand our markets while we rise in our places in the House of Commons and suggest that we should do something desperate in order to stop the importation of a few pounds of imported canned meats.

While the hon. gentleman's own party was in power, I heard a Conservative talking once about importations. It was at the time of an election, and I enjoyed it as one of the most pleasing recollections of a bitter campaign. He said: "Watch the imports come in, torrential tides of imports tearing

down the mountain side." Could you get that or anything like it from anyone except a Conservative? The goods coming in constitute payment for the goods sent out, but they fear that when we are being paid for exports we are being ruined. That is the Conservative attitude of mind, and that, the hon. member for Dufferin-Simcoe will note, is why this country could never develop trade under the Conservative policy. That is why, when his leader sat on the other side in 1933 and 1934, he said, "There are no markets; markets are gone." The restrictions were relaxed and markets restored. If we break down these restrictions against imports, we shall have no more trouble in marketing our produce than a stream has in flowing to the sea. It is natural for goods to be exchanged, as natural as for the sun to shine.

Mr. TUSTIN: I was surprised to hear the minister say that nearly 6,000 copies of this first report were printed and that some 4,800 had been given out. I wrote to the department asking for a copy of this report and received a letter from the director of marketing saying that there were no more copies available but that a second edition was being printed.

At each session since I have been in this house I have asked the Minister of Agriculture how much money was set aside for advertising our agricultural products. It is true at the first session there was nothing being spent, and last year he promised to give the matter consideration. This first report is a very honest one; I believe the committee which was set up went to the United Kingdom and made a good job of investigating the markets or prospective markets there, and in my opinion they made a fine report. They speak of "little apparent benefit from past advertising." There is no advertising of Canadian products in the United Kingdom. I see in the new report that the minister says that this government does not do any advertising.

Mr. GARDINER: The Department of Agriculture does not. I did not say that no other department does.

Mr. TUSTIN: It goes on:

> Little apparent benefit from past advertising. Canada has not benefited to any noticeable degree from advertising done in the past, whereas New Zealand, Australia and South Africa have achieved definitely favourable results. New Zealand is the best known supplier of foodstuffs among the dominions; Australia comes next, followed by South Africa and Canada.

I was surprised, when I made a little private investigation in the old land, to find how little the people knew of Canadian products. My surprise ceased after I had paid a visit to some of the shops. It is true, as the committee says, that Canadian cheese was being sold as American cheese. A goodly portion of our Canadian cheese was being sold as "empire product," and I admit some was being sold as Canadian cheese. I know the minister suggests that he is going to adopt a national mark for high grade agricultural products shipped to the United Kingdom. Let me suggest that there is only one mark which should go on high class products of this country, and that is the word "Canada." The minister will do a great service to this dominion if he has all the products graded very carefully before they go abroad.

Referring to "the marketing policy," clause C reads:

> To advise, cooperate with and assist all government, producer and merchandising agencies in placing Canadian foodstuffs effectively before the British housewife.

I see no reason why the government of Canada should wait for some other agency to make an attempt to advertise the products of this country. The duty rests upon the government of Canada, not upon some provincial government or private individual. If we go about advertising our products in the right way, next session the minister will be able to report very much greater exports to the great market of the United Kingdom than at the present time. We could easily become the greatest factor in that market, but we must be careful to send only articles of first grade, and the very best quality.

Item agreed to.

Dairy products, including contribution of $581 to the international institute of refrigeration, $381,500.

Mr. ROWE (Dufferin-Simcoe): The minister assured us before that practically anything in this item could be discussed under other items.

Mr. GARDINER: As a matter of fact, we have been discussing it all under the wrong item. No. 12 is the proper item under which to discuss this report. That is the item under which the expenditure was made and under which any similar expenditure can be made this year.

Mr. ROWE (Dufferin-Simcoe): The minister said the report would be open for discussion again under item No. 12.

Mr. GARDINER: There is no doubt about that.

Mr. DEACHMAN: Has item No. 7 been discussed?

The CHAIRMAN: Item No. 7 stands.

Mr. STEWART: Would the minister indicate the reason for the substantial increase in this item? At the same time he might give a break-down of last year's expenditures.

Mr. GARDINER: I understand that the hon. member desires a comparison between the expenditures last year and this, showing the increases this year.

Mr. STEWART: Yes, an explanation of the increase. Possibly a break-down will give it.

Mr. GARDINER: The figures are as follows:

	1938-9	1937-8	Increase
Permanent employees, salaries	$199,285 00	$169,355 50	$29,949 50
Temporary employees	54,359 50	62,723 00	—8,363 50
Wages	9,560 00	6,750 00	2,810 00
Living allowances	6,022 50	4,380 00	1,642 50
Telephone, telegrams, cables and postage	6,435 00	5,930 00	505 00
Equipment	1,200 00	3,350 50	—1,150 50
Canada's annual contribution to International Institute of Refrigeration	581 00	580 80	20
Press clippings, laundry, membership dues, electric current	950 00	382 50	567 50
Lawyers' and analysts' fees	3,700 00	3,300 00	400 00
Rents	1,780 00	1,840 00	— 60 00
Printing, stationery, office supplies, etc.	14,424 00	13,949 20	474 80
Express, freight, cartage, refrigerator car service	5,900 00	5,471 00	429 00
Travelling expenses	77,303 00	64,280 00	13,023 00

That makes an estimated total for 1938-39 of $381,500, while $342,272.50 was voted for 1937-38, showing an increase this year of $49,801.50, against which there is a decrease of $10,574, making a net increase of about $39,200.

Mr. SENN: The minister has already spoken about what he calls a national mark which is to be placed on goods going from this country to Great Britain, and, I suppose, to other countries as well. A statement has been made also in regard to a distinctive mark that has been invented or devised so that Canadian products can be identified in any market. I should like to know just the nature of that mark. Will the mark placed on cheese be simply the word "Canada," and will it be on all classes of cheese leaving the country or just on the high grades? I understand that most of the cheese exported from Canada is of good quality, but I should think the same policy should prevail in this instance, and that any distinctive mark should be placed only on the highest quality.

Mr. GARDINER: The policy is, as I read it, the adoption of a national mark for Canada's high grade agricultural products shipped to the United Kingdom. That has been announced as a matter of policy, and on the next page of the pamphlet we state that we have adopted a mark.

Mr. ROWE (Dufferin-Simcoe): What is the mark?

Mr. GARDINER: A few moments ago some reference was made to the word "Canada," and it was suggested that the word "Canada" should appear on all our goods. As I understand it, the law of Great Britain compels that now; everything shipped there has to designate the country of origin. But the complaint has not been in that regard; it is more directed to the fact that when the commodity is placed before the consumer for sale the customer often does not know that the product is Canadian at all. To overcome that, as has been indicated in another section, in so far as cheese is concerned, has been a matter of great difficulty. It has been hard to devise a means by which even the word "Canada" could be placed upon the cheese without interfering in any way with the product itself. A method of doing that has been developed, and that is being done. But so far as the distinctive mark is concerned, what we have in mind is that the mark also will have the word "Canada" on it; that is, a very prominent part of the mark will be the word "Canada." Underneath that will appear what you might call the trade mark, as trade marks are placed on different products by different concerns. Then there will be the words "quality guarded," and that mark will appear only on the highest grade products that go from Canada, whatever those products may be. As to the products to which it will apply, that has not yet been decided. It will be determined through discussions with the persons turning out those products and with the officials of the department.

Mr. SENN: I think I understand what the minister has in mind in regard to a distinctive mark so that the product can be followed right to the breakfast table of the consumer, but would he give the committee some idea of how the grading of cheese for the export market is carried on? Is it done at the factory or at the port? Is it sample grading, or is each cheese graded as it is put on board? I think that is very important.

Mr. GARDINER: The grading is done at the warehouses, whether those be inland or at the ports. There is one cheese graded out of every vat. Those grades are established, and we hope to be able to maintain them right through to the customer in the old country or wherever they go.

Item agreed to.

Subsidies for cold storage warehouses under the Cold Storage Act, $53,177.85.

Mr. GARDINER: I might explain that this item comes down every year pretty much in this form, but it is always necessary to give consideration to further amounts in the supplementaries. When these estimates were brought down we were not sufficiently familiar with the amounts required, and further amounts in connection with these cold storage warehouses will be provided in supplementary estimates.

Mr. STIRLING: This just takes care of existing contracts?

Mr. GARDINER: Yes.

Mr. ROWE (Dufferin-Simcoe): Has there been any change in the policy of the department in regard to these warehouses under the Cold Storage Act? Has there been any further encouragement given cold storage plants throughout the dominion, in order to assist in the marketing policies that have been suggested this afternoon? I think it very important that more encouragement should be given.

Mr. GARDINER: There has been no change in policy. For some years past the policy has been to pay thirty per cent of the cost, provided the cold storage plant is available for public use, and that policy is still followed. There is an impression in some parts of Canada that we have gone quite a long way as a government in establishing cold storage plants. At the moment we are not considering any change at all, but some representations have been made to the effect that probably we have gone as far as we should in encouraging the establishment of cold storage warehouses.

Mr. ROWE (Dufferin-Simcoe): If the minister has any doubt in the matter, may I say that in many parts of the country there is the feeling that perhaps governments have not gone far enough. On the other hand, I know there are some in the business who feel that governments have gone far enough. It is my view that the matter is so closely allied to efficient marketing of perishable products that encouragement should be given to cold storage plants.

I have in mind a condition partly in my own constituency and partly in the Holland marsh district, and I realize what a cold storage plant at that point would mean. The assistance the government could give in districts like that would be of great value. To my mind the subject is closely related to efficient marketing methods, and has particular bearing on perishable products requiring cold storage facilities. I believe that in its efforts to improve grades and to regulate the supply the government might give special consideration to this matter connected with the marketing of perishable products. I suggest that it should encourage the operation of cold storage plants in different parts of Canada.

Earlier to-day I mentioned a system of bonuses which might be paid in connection with agricultural products. May I point out that the term might be interpreted in different ways. We pay subsidies on iron and steel production, and we pay bonuses and subventions in connection with other activities. It is my view that through greater encouragement to the operation of cold storage plants assistance might be given in the marketing of agricultural products. Great assistance could be given to new developments throughout the country, and especially to developments such as that in the Holland marsh district. Many families at that point are finding it almost impossible to make a living in view of the fact that thousands of dollars worth of their vegetables must be wasted through decay from the lack of cold storage accommodation. We realize that under the Cold Storage Act the government does give subsidies, but I do not believe the amounts are sufficient in those districts in which the people are engaging in this most laborious type of production. These people are endeavouring in difficult times to make a success, and I believe the government could give them substantial assistance by offering greater cold storage facilities.

In these districts small pieces of ground give employment to many families. A patch of four or five acres means a great deal to such families. I would recommend that the

government give serious consideration to amending the Cold Storage Act so as to give greater assistance to a class of people who are toiling at what I believe to be about the most difficult, doubtful and questionable type of agricultural production, namely the production of fruit and vegetables. Unless some assistance is given by way of cold storage plants in the district I have mentioned, the development is going to meet with much greater difficulty in the future. Many families are now employed and earning a livelihood from their work, and I would urge upon the government the necessity of increasing the subsidies and amending the act so that increased assistance may be given them. Undoubtedly some would oppose a change of that kind, but I believe such a change would indirectly assist the purpose we all have in mind, namely the more efficient distribution of perishable products.

Mr. LENNARD: How are the cold storage plants subsidized?

Mr. GARDINER: The act lays down the conditions under which anyone providing cold storage facilities may receive a subsidy. If the concern meets with the conditions of the act, we pay 30 per cent. I understand 50 per cent is paid the first year, and the other 50 per cent is spread over four years.

Mr. PERLEY: How many plants are subsidized in Saskatchewan?

Mr. GARDINER: There are four.

Mr. PERLEY: At what places, and who operate them?

Mr. GARDINER: One is at Moose Jaw, and is operated by the Moose Jaw Cold Storage Company; then there are the Saskatchewan Cooperative Creameries at Regina, the Saskatchewan Cooperative Creameries at Saskatoon and the Saskatchewan Cooperative Creameries at Vonda, Weyburn and Yorkton.

Mr. STIRLING: Are they now receiving the subsidy?

Mr. GARDINER: The last two are not now operating; there are only four.

Mr. STIRLING: Are the other ones now receiving the subsidy?

Mr. GARDINER: That is the total number of those which have received subsidies.

Mr. PERLEY: According to the details at page 56 of the estimates, there is none receiving subsidies.

[Mr. Gardiner.]

Mr. GARDINER: There is none still drawing subsidies in Saskatchewan. They have been in existence for over five years. Those to which reference is made in the details are still drawing subsidies.

Mr. BLACKMORE: Which ones in Alberta are receiving subsidies?

Mr. GARDINER: There is none obtaining a subsidy at the present time. Any which were set up in Alberta have drawn their full subsidy.

Mr. PERLEY: And there is none in Manitoba?

Mr. GARDINER: No; there is none in Manitoba.

Mr. STEWART: The minister has said that the authority for the subsidies is to be found in the act. Looking over the subsidies paid during the last year, and comparing them with the estimates for the present year, I notice that in many instances the reduction is only 50 per cent. Did I not understand the minister to say that in the first year they received 50 per cent, and that in succeeding years, extending over a period of four years, they received a reduced amount? If that is so, how is it that this year there is a 50 per cent reduction of the amount paid?

Mr. GARDINER: The first payment is 15 per cent of the total cost at the time, but it is 50 per cent of the total subsidy we pay. The payments in the other four years are in different percentages, namely 7 per cent, 4 per cent, 2 per cent and 2 per cent.

Mr. STEWART: Then most of them must have been on the 4 per cent rate, and are now on the 2 per cent, because in most instances the reduction is 50 per cent. Where the reduction is not 50 per cent, I suppose they are on different rates for the different years. Is that so?

Mr. GARDINER: The first year will be 15 per cent and the second year, 7 per cent, which is approximately half. The next year it is 4 per cent, which is again approximately half. Then it goes down to 2 per cent and 2 per cent.

Mr. STEWART: Which is absolutely half.

Mr. GARDINER: For one year and the year following it is the same.

Mr. STEWART: The reduction from $84,000 to $53,000 is quite substantial, especially in view of the fact that it covers the same number of cold storage warehouses. Does the minister

anticipate that there will be another batch, if I may use that term, in the supplementary estimates? Will there be a certain number of applications that will qualify for grants?

Mr. GARDINER: I gave that answer before. The supplementaries will provide for those under consideration, while these estimates provide for our commitments.

Mr. STEWART: The ones to be covered by the supplementaries will be new propositions?

Mr. GARDINER: Largely.

Mr. STEWART: Will any of these be covered again in the supplementaries?

Mr. GARDINER: No.

Mr. BROOKS: Is there any cooperation between the Department of Agriculture and the Department of Fisheries in connection with the construction and operation of cold storage warehouses?

Mr. GARDINER: All grants for cold storage warehouses are provided for in the Department of Agriculture estimates. We pay the grants, but the warehouses may be used for any purpose.

Mr. BROOKS: Is any contribution made by the Department of Fisheries?

Mr. GARDINER: No; all provision is made under these estimates.

Mr. PERLEY: Have any new plants in Saskatchewan applied for subsidies?

Mr. GARDINER: No. As my hon. friend knows, most of the cold storage facilities in Saskatchewan are owned by the Saskatchewan Cooperative Creamery. A few years ago I know they had more storage space than they knew what to do with, but I could not say whether that condition exists to-day.

Mr. PERLEY: What is the amount of dairy and creamery butter in storage in those plants?

Mr. GARDINER: The bureau of statistics publishes that information regularly.

Mr. SENN: The minister stated that there were certain applications under consideration, and he also outlined how the financing was arranged. I should like to know what is necessary to be done in order to have the department accept a proposition. Is there any difference in the treatment meted out to a cooperative organization and to a private concern?

Mr. GARDINER: Application is made by the organization desiring to establish a cold storage warehouse. They are required to submit plans and specifications which are gone over by the department. If the proposed warehouse will not provide more storage than is necessary for the proper carrying on of business in that district, in all probability the department will accept the application. After the plant has been constructed, an inspection is made to see that the specifications have been followed. If everything is in conformity with the regulations, a grant is made automatically under the law.

Mr. ROWE (Dufferin-Simcoe): How many cooperative organizations and private concerns have been assisted under the present cold storage legislation?

Mr. GARDINER: The name of the concern would be the only intimation as to whether it is cooperative or private. We could get that information and bring it down at a later stage. They are listed in the details.

Mr. ROWE (Dufferin-Simcoe): How many are there altogether?

Mr. GARDINER: Thirty-three, of which more than half would appear to be cooperative, according to their names.

Mr. ROWE (Dufferin-Simcoe): Under this item what assistance in the way of warehouse facilities?

Mr. GARDINER: There is no cold storage provided for tobacco. That would come under another item.

Mr. ROWE (Dufferin-Simcoe): Have drying warehouses been provided under this item?

Mr. GARDINER: No warehouses have been provided, and certainly no cold storage.

Mr. SENN: There has been some criticism of the whole scheme of government assistance for cold storage warehouses, which criticism I do not think is well founded, as these warehouses serve a very useful purpose. A certain number of warehouses receiving assistance from the department have gone into liquidation, and I should like to know how many have ceased operations. I should like to know also if a proper investigation of all the circumstances was made before grants were given.

Mr. GARDINER: A few warehouses have closed up, but the number is small when compared with the total number. I move that the committee rise, report progress, and ask leave to sit again this day.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

RADIO BROADCASTING

REVISION OF RADIOTELEGRAPH ACT—CLARIFYING OF SECTIONS DEALING WITH LICENSING RADIO RECEIVING SETS

The house resumed from Wednesday, May 11, consideration in committee of Bill No. 52, respecting radio in Canada—Mr. Howe—Mr. Sanderson in the chair.

On section 5,—Station licences.

Hon. C. D. HOWE (Minister of Transport): When this bill was last discussed I was answering a suggestion by the hon. member for York South (Mr. Lawson) that there had been some deception in the explanatory notes of the bill; that the evidence of this was in clause 5, and that the real purpose of the clause was to take care of radios in automobiles. As a matter of fact, the old Radiotelegraph Act amply covered automobiles. It provided that a licence fee was collectable for a radiotelegraph station anywhere; and, of course, under the old act a radio receiving set is a radiotelegraph station. One statement my hon. friend made and strongly emphasized was that radios in automobiles were unknown in 1913. Just to dispose of that assertion, I have before me the year book of wireless telegraphy and telephony, 1913, and in it we have a photograph of a motor car wireless telegraph station which I should be glad to send across to my hon. friend simply to show him that wireless in automobiles was not unknown in 1913, as he so dogmatically stated. However, the purpose of the change in the article other than the change in the phraseology is to take care of the flaw in the previous legislation which was brought out in the Gignac case, in which the judge found that use of a radio must be proved by actual evidence of use; that is, the inspector must find, to prove use, the owner of the radio actually with the power turned on and turning the dial. In the Gignac case the defendant was convicted of installing a radio without a licence; but it was quite clear from the finding of the judge that had the installation taken place before the time limit—I think it is one year—in which complaint must be made, he could not have been convicted on a charge of illegal installation. Section 5 in its present wording is inserted to close the opening left by the decision in the Gignac case, and the provision for exemption of visiting automobiles is simply put there to provide for a situation which was not provided for in the old act. Under the old act a radio in a visiting car was taxable, and this makes it clear that there will be an exemption.

Mr. LAWSON: I cannot help remarking that the minister had to go a long way to find this ancient vintage of an automobile which was apparently equipped with a radio.

Mr. HOWE: My hon. friend said it was unheard of in those days.

Mr. LAWSON: I think the committee understood what I meant, that it was unheard of in any passenger vehicle used by people to run about the country. I observe, in the very fine photograph sent me by the minister, that attached to the rear of this so-called automobile are about eighteen telephone poles. I assume those were to carry the station, and I would draw to the minister's attention that if he had but read the article which goes with the picture he would have found that this was not an ordinary case of a radio being installed in a pleasure motor car, but one of a motor car being built purposely to have a radio station which, by reason of being moved about from place to place, changed the wave length and thereby preserved secrecy for signals which were then being transmitted by radio.

Mr. BLACKMORE: I am wondering if this section 5 makes it necessary for a person to pay an extra licence fee if he has in his possession an obsolete radio. If one is keeping as an heirloom a radio presented to him in years gone by, is it going to be necessary for him to pay a licence fee every year? I notice it says:

No person shall . . . have in his possession any radio apparatus.

An hon. MEMBER: That is right. It is necessary to have it.

Mr. COLDWELL: What is the answer to the question?

Mr. LANDERYOU: If a man had two radios, would he have to pay two licence fees if the radios were in the same house?

Mr. HOWE: Yes, and if the radio apparatus is in the man's house the onus of proof is on the owner to show it is not in use. Under this legislation possession is presumption of use.

Mr. JOHNSTON (Bow River): There is a question which I wish to ask the minister and which, I believe, was asked in the committee, and Major Murray said he would get a ruling on it. A man lived in a town in which there were electrical facilities; his house was

wired, but he was not using the electricity for any purpose, and he had given to him a battery set. The question arose, Would he have to have a licence for a battery set or an electrical set, if he was in a town in which electrical facilities were provided but was not using them in any way in his house?

Mr. HOWE: We obtained a ruling on that point from the Department of Justice. The department ruled that if a house is not connected with the electric current the owner would pay a battery set licence fee.

Mr. JOHNSTON (Bow River): But whether it was wired or not, if he was not using the electricity for any purpose?

Mr. HOWE: There, again, it would depend upon whether the owner could prove he was not using the electricity in the house. If the electric wiring was installed the onus of proof would be on the owner to show he was not using electricity in his house.

Mr. JOHNSTON (Bow River): The man who wrote to me stated that when he moved into the house he did not figure he could afford electricity, so he had the meter turned off. The house was wired, because the people who occupied the house before him had been using electric lights and electricity. When he came in he had the meter shut off and did not use electricity, and he had a battery set given to him. The question is whether he had to pay $2.50 or $2 for his licence. I maintain that as he was using a battery set and was not using electricity for any purpose he should not be required to pay $2.50 for that battery set. That is the question on which we wanted a ruling.

Mr. HOWE: The case is, I should say, most unusual. I should say he was quite justified in taking out a battery set licence, but to make absolutely sure of the law it might be well to advise him to disconnect the wiring into his house.

Mr. JOHNSTON (Bow River): That would be entirely up to the man who owned the house, not to the renter.

Mr. LAWSON: Would the minister point out where in this legislation one is exempt from committing an offence under it if he merely has in his possession a radio, and it is not in use. In answer to a question by one of my hon. friends to my left, the minister said the onus is on the accused to show that the set is not in use, and left the inference that if it were not in use then it was not an offence under the legislation to have it. I am sorry, but that is not the way in which I read the bill. The section says:

> No person shall establish any radio station or private receiving station, or install, operate or have in his possession any radio apparatus. . . .

Apparently merely having it in one's possession is an offence, unless the minister can show me where, somewhere else in the bill, the non-user exempts one from the offence prescribed by section 5.

Mr. HOWE: Perhaps I can explain the point this way. Complaint comes to the department in various ways that there is an apparatus in a house. Before any prosecution takes place a permanent officer of the department visits the house. If it can be proven to him that this apparatus is not in use, no prosecution follows. Provision in the law in that connection brings up the old question involved in the Gignac case, that we must prove use. To prove use you must see the apparatus in use. Two witnesses must see it being used, the current turned on and the dials being manipulated. That is the ruling in the Gignac case. Having a radio apparatus in your possession is covered by the legislation, but in the operation of it our officer is instructed to make very sure that the apparatus is usable. To define that in the bill, however, would lead us into the same technical difficulties that were encountered under the old act.

Mr. LAWSON: In other words, the question whether I am to be prosecuted or not for having in my possession a radio is one which is to be decided at the will of a civil servant of the Dominion of Canada, and frankly I object to being put into that position. I object not only on my own behalf, but also on behalf of the people of Canada who may be subjected to prosecution. Furthermore, I think the minister is badly advised when he says that provision could not be made for the situation which I have mentioned without going right back to the position that prevented conviction in the case of Rex v. Gignac. By a clause of this bill the onus is put on the accused. The moment a person is accused of an offence, the onus is put on him of proving that he is not guilty, and that being so, the accused, once he is charged, must satisfy the court that he is not guilty. The reason that the crown lost in the Gignac case was that the onus was on the prosecution of establishing that the machine had been installed or had been operated, and the crown could do neither. That, however, will no longer prevail. Now, a man can be haled into court for mere

possession, and the onus is on him to establish non-user. Surely, under these circumstances, a clause could be inserted in the bill providing that where an accused satisfies the court that the radio apparatus was not in use in the licence year in which he was prosecuted, there should be no offence under section 5. That, it seems to me, can be set out without in any way weakening the legislation or embarrassing its enforcement.

If that cannot be done, we come back to the general objection that I made in connection with this bill. In my opinion, it is a great mistake in our legislatures, whether it be the House of Commons, or a provincial house, to give some particular body, whether civil servants or other individuals, any one you like, the power to determine whether or not I have committed an offence or whether I should be prosecuted. That power should be given only to those who are duly appointed and constituted judicial officers. In reading current reports in the press I find that I am not alone in that view. Before coming into the house to-night I noticed a statement in the press that the attorney general of Ontario, an attorney general, by the way, of a Liberal administration, agrees entirely with that view and says that he is unalterably opposed to this legislation.

I suggest to the minister that he confer with the Minister of Justice as to the wisdom of this legislation leaving discretionary power in the hands of any civil servant to determine who shall or shall not be prosecuted; for when he determines the question of prosecution he likewise determines the question of guilt or innocence, because under the section as it now stands the mere possession of a radio apparatus constitutes an offence.

Mr. HOWE: This section was drawn up by the officers of the Department of Justice in the light of the Gignac case, but I shall be glad to allow the section to stand and ask the Minister of Justice to review the situation having regard to what my hon. friend has said, and I must say that I have some sympathy with his point of view. We shall see if a workable clause can be drawn along the lines he suggests.

Mr. LAWSON: Thank you.

Mr. BLACKMORE: While the clause is being redrafted, some provision ought to be made to enable dealers to have radio sets in their possession without having to obtain licences. I cannot see how they can do that under this clause as it now stands, but perhaps I misinterpret it.

[Mr. Lawson.]

Mr. HOWE: The situation with regard to dealers is taken care of in the regulations. No special legislation is required.

Mr. BLACKMORE: Perhaps I am saying what has already been said; but it seems to me that the principle of putting on the accused the onus of establishing his innocence is altogether contrary to fundamental principle of British procedure, whereby a man is considered innocent until he is proved guilty. I greatly object to having that principle violated just for the sake of $2.50. It is offensive to me to see a man put in the position where he might be declared a criminal and made a gaolbird in consequence of a law of this sort.

Section stands.

Section 6 agreed to.

On section 7—Radio operator a British subject.

Mr. BLACKMORE: What is involved in subsection 2 with regard to declaration of secrecy?

Mr. HOWE: That refers to the secrecy of messages transmitted from one point to another. An amateur radio operator can often pick up messages that are being transmitted over commercial wireless stations, and the legislation requires that if he does happen to intercept such a message he is bound to secrecy.

Mr. LANDERYOU: This deals with commercial messages?

Mr. HOWE: Yes.

Section agreed to.

Section 8 agreed to.

On section 9—Search warrant.

Mr. LAWSON: Again I am going to ask the minister to consider seriously the wisdom of this section. I realize that with two exceptions it is not vastly different from the old section 11 which was in the act passed in 1913. Under the act of 1913 a search warrant could be issued only by a magistrate to a duly constituted police officer within his jurisdiction, whereas under this section it may be issued to one of many persons therein indicated. Furthermore, under the old section it could not be issued on the mere allegation of possession of a radio set. I would point out that the old Radiotelegraph Act was passed in 1913, and despite the picture in the book of an automobile which had a radio in it, it never was conceived that the act was directed against the ordinary citizen

who had a radio set in his home. In those days radio, as far as commercial use was concerned, was confined to ships at sea and to land stations that communicated from land to land or land to ship. In such circumstances it was necessary, where illegal stations were established, without licence, that a search warrant should be issued on the allegation that there was such an illegal station established, because the lives of passengers on ships at sea might be endangered by it, or international complications might arise from messages falsely transmitted by such illegal stations from one country or nation to another. In that situation and under those circumstances these drastic clauses were necessary. But let us bear in mind that all the business of radio stations in respect of ships, etc., has now been taken out of this legislation.

Mr. HOWE: Just in respect of ships.

Mr. LAWSON: All right; all radio stations in ships have been taken out of this legislation and transferred to the shipping act. Surely it is not the minister's intention that these drastic powers should be given in respect of entering people's homes. I do not want to take the time to run over all the arguments that one reads in newspapers and that have been advanced as to the opportunities it would give for crooks to gain entry to people's homes and that sort of thing. Suffice it to say that under this bill a land station, that being, I assume, a commercial radio station is defined, and a private receiving station is also defined. Private receiving stations are in people's homes. If it is necessary to pass any legislation as drastic as that contained in section 9 and two others to which I shall refer later, confine it to your land stations; do not let us extend these arbitrary and unreasonable powers of entering people's homes in order to deal with some man who may have committed the very minor offence of having in operation a radio for which he has not paid $2.50 for a licence.

Mr. HOWE: I assume it is the intention of the legislation to collect $2.50 from every user of a radio. There is no change in the intent of this section. If my hon. friend will look at the old act he will find it has exactly the same provision. Since 1932 it has been the custom to have warrants to enter homes in order to obtain evidence for prosecution. When I came into this office I tried to avoid that situation, naturally everyone who has had to do with this, even as a private citizen, knows the present system is very objectionable. We tried to find some alternative, but we found our collections of radio licences would drop by half, were it not for the ability to obtain evidence to prosecute. It is only the fear of prosecution that holds the collection of radio licences up to where it is to-day, and it is far from 100 per cent to-day. If any other workable plan can be found I would be glad to adopt it. Collection of radio licence fees by present methods is most difficult. It causes more complaint and upset than anything else in the department. But after two years of diligent search we have found no other practical way of collecting this fee, without an expenditure out of proportion to the amount to be collected.

Mr. LAWSON: There are thousands of things for which a licence fee is imposed, municipal, provincial and dominion; but no one in his senses would conceive of giving the right to enter a man's home and search, in order to collect it. Let me take a couple of examples that occur to me at the moment. In the municipality in which I live, and, I think, in every other municipality, you must have a licence to keep a dog. Would not any parliament be laughed to scorn that would pass legislation authorizing a warrant to search a man's home in order to ascertain whether he has a dog?

Mr. DUNNING: A radio does not go out walking like a dog.

Mr. LAWSON: Where I live you are not allowed to let a dog off your premises or be at large. Dogs can be kept in the house.

Mr. DUNNING: But they may be taken out on a leash.

Mr. LAWSON: That is true, but if the minister persists in this legislation I am afraid he may be taken out on a leash by the public before he is finished.

There are dozens of things for which one requires a licence, but parliaments do not give authority to issue search warrants to go into people's houses and search for such things. The minister says this is necessary if licence fees are to be collected. I do not think that is quite true. I admit that when it was necessary for the crown, in order to get a conviction for failure to have a licence, to prove that the person charged had either actually installed a radio or actually operated it, such powers might be required. But that is not going to be so in future. By this bill you are making it an offence for a man merely to be in possession of a radio. If he is in possession, the onus is on him to show that he was not operating it. All any police officer has to do is to peek through the window and he can see whether there is a radio on the floor.

Mr. HOWE: Is that a legal act, to peek through a window?

Mr. LAWSON: It is a legal act for a police officer.

Mr. HOWE: Not a very dignified one.

Mr. LAWSON: Unquestionably not. But, in fact, it is not an illegal act even for ordinary individuals, except under certain circumstances which I shall not at the moment describe. But in all seriousness, when you have made it an offence merely to have possession of a radio—

Mr. HOWE: But my hon. friend insists we must not. We are not doing that at the moment, presumably.

Mr. LAWSON: Oh, I presume you are. I never dreamed that you would think of changing. What I suggested was that you reconsider the clause so that if a man who is brought into court can satisfy the magistrate that he had not been operating the machine or that it had not been in use, then the magistrate should have power to say no offence had been committed. That is why I asked the minister to reconsider the section. After all, it is not a matter of life and death to this country if we fail to collect two or three per cent of all the radio licences.

Mr. HOWE: Or fifty per cent?

Mr. LAWSON: Fifty per cent is a very different matter, but with the amended legislation contained in this bill you have at your disposal the means of collecting ninety-five per cent of the radio licences without exercising the right to search a man's home. I want to say to the minister in all seriousness—

Mr. DUPUIS: Does the hon. member object to citizens who own radios being obliged to obtain their licences.

Mr. LAWSON: Well, Mr. Chairman, the intelligence of that question, having regard to the subject matter under discussion, deserves the intelligent answer of ignoring it.

Mr. DUPUIS: Mr. Chairman, either the hon. gentleman wants the licence fees to be paid by people who own radios—

Mr. LAWSON: I submit that the hon. member is out of order.

Mr. DUPUIS: —or he does not.

The CHAIRMAN: The hon. member must remember that another hon. member has the floor, and he must not interrupt without permission.

Mr. LAWSON: I just want to say to the minister that we should not lose sight of this fact, and I am not making this allegation against this government in particular. There is a terrible tendency in legislatures and parliaments in general in this country to-day to go on curtailing and interfering with what we have always regarded as the inherent right of a British subject, namely that his home is his castle. I for one will not allow these fundamental principles of rights to be interfered with lightly, and though I realize—

Mr. DUPUIS: Will the hon. gentleman permit a question?

Mr. LAWSON: No. Though I realize that in the general interests of the public it is necessary to have powers of search given where it is alleged that serious offences have been committed, nevertheless I think we ought carefully to restrict such powers of searching a man's home, and curb the extension of any such powers. I suggest to the minister that he consider very seriously the power which is being given in connection with this matter.

Mr. HOWE: If I may ask just one question, how could my hon. friend obtain legal evidence of the use of a radio or of the possession of a radio without going into the home?

Mr. LAWSON: I think it could be obtained in many ways. For example, a radio inspector calls at my house. He asks if I have a radio licence, and I say no; then he asks me if I have a radio. Ninety-nine per cent of the people will answer yes or no.

Some hon. MEMBERS: Oh, oh.

Mr. LAWSON: There are not many who are wise enough to say, "Mind your own business," and shut the door in his face.

Mr. HOWE: A very large percentage say exactly that.

Mr. LAWSON: All right, then; if a very large percentage say exactly that, nothing could be a clearer indication of the feeling of the people of this country in connection with this whole business of radio licences. I would ask the minister to bear in mind that neither this nor any other government on earth can maintain and enforce a law which has not behind it the great weight of public opinion, I do not care what your law may be.

To come back to the question, I suggest that your inspector or police officer, by looking in the window of a house, could see if there was a radio in that house. I suggest also that, for example, you get a record of every radio which is sold in Canada. I could

go down to the bureau of statistics to-morrow morning and find out how many radios had been sold in the month of February of this year.

Mr. HOWE: You must still prove possession.

Mr. LAWSON: I quite agree that you must prove possession. You know a radio has been sold to a certain man, and you know his address. I really do not think it would be exceedingly difficult to get sufficient evidence to show that there was a radio in existence in that man's house. Remember, no one can now acquire a radio without some department of government getting a report of it. I still say that though there may be instances in which you would not be able to prove that a man had possession, as the lesser of two evils I believe the government would be well advised to abandon this granting of the power to search a man's house in connection with a radio.

Mr. DUPUIS: I should like to give my point of view, as I understand this legislation. Of course, to follow the argument of the hon. member who just spoke we must compare this with other legislation passed during other regimes. Just recall legislation passed in connection with customs and excise, for example. Much drastic legislation has been passed in that regard.

Mr. LAWSON: Hear, hear.

Mr. DUPUIS: As far as I am concerned I am opposed to drastic legislation. We love liberty, and if there are people in this country who love liberty more than others it is those represented on this side of the house.

Mr. STEWART: Liberty to break the law.

Mr. DUPUIS: No, not liberty in that sense; liberty to do good.

An hon. MEMBER: Who is to judge?

Mr. DUPUIS: The judge is our conscience.

An hon. MEMBER: And if you have no conscience?

Mr. DUPUIS: As far as I am concerned I am ready to admit that I may have the least sensitive conscience on this side of the house, but still it might compare favourably with those of others. Let us come back to the point. This legislation seems a little drastic; I am ready to admit that, because of my love of liberty for the citizen.

An hon. MEMBER: What about the padlock law?

Mr. DUPUIS: We shall talk about the padlock law later on. The trend of thought and the policies of both parties since confederation have been based on experience. How could the Department of Transport deal with this matter of radio licences except by having regard to the experience of other departments, such as the Department of National Revenue, for instance. The hon. member who just spoke is an eminent lawyer from Toronto; I shall not call him ignorant, as he called me. I admire him for his ability, and he knows perfectly well that under the customs and excise legislation, for example, a person who has in his car smuggled goods or goods which are prohibited by law may have his car seized and confiscated as a result of having such goods in his possession. That is drastic law. That is a law which is repugnant to the spirit of liberty. Those are laws which have been passed by the party to which the hon. member belongs just as much as by the party now in power, and arise out of experience.

In the present instance I ask, as the Minister of Transport has done, how we can find out that a citizen has a radio set in his house, if we do not go into that house. How can the country collect the licence fee due it if the officer charged with the collection of fees cannot enter a house where he believes a fee is due? I am sure the hon. member who has just spoken is honest and wishes the citizens of Canada to pay their licence fees, but after listening to him our conclusion must be that he is trying to encourage the citizens of Canada to evade or to break the law. Otherwise the hon. member would agree with the minister, particularly in view of legislation adopted under other circumstances by this chamber. After all, I believe there is no citizen who is unwilling to pay a licence fee for his radio set in his house. If there are any such people, I believe we shall find them in the ranks of those who are encouraged by the observations of the hon. member, and who have a desire to evade the law. It may be that they would not be willing to permit the officer from the department to search their houses.

While I am on my feet may I say that I should have liked to see the licence fees for automobile radios reduced, because, so far as Quebec is concerned—and I believe all the provinces are in a somewhat similar situation—the people use their automobiles at most for only six months in the year. Consequently we would not avail ourselves of the use of our automobile radios to as great an extent, and I suggest it would be only fair to reduce the fee to one dollar a year. I made that submission before the committee which considered radio problems, and I believe it is my

duty to repeat it in this committee. I am sure the Minister of Transport has discussed this very important matter with the cabinet, the members of which represent Canada from east to west. I have enough faith in my superiors to abide by their decisions because, after all, it is not more pleasant for a member of the cabinet than for a private member to adopt unpopular legislation. My personal opinion is that a reduction to one dollar in the case of automobile licence fees would have been preferable, and I believe that view is shared by many other people. However, the position is that the cabinet has decided it is not possible to do that and, having a fair understanding of the difficulties experienced by the members of this or any other cabinet, I am content to abide by their decision.

Mr. STEWART: The consideration of section 9 involves a review of the other sections of the measure, because in order to understand and appreciate this section we must read it in the light of other provisions. With that in mind I would refer the committee to paragraph (e) of section 4:

(e) prescribing that no radio receiving set or radio apparatus for installation or use as, or in, a private receiving station may be sold or serviced by any person until a licence is first obtained for such station.

When we refer to the opposite page in the bill we find that this is a new paragraph. I do not know whether the minister is considering an amendment or change in the section, or whether it stands for consideration.

Mr. HOWE: For the moment it stands.

Mr. STEWART: I thought so. I would point out that in that paragraph we have a new provision which would appear to be a very complete check on radio sets. The official of the department charged with the collection of licence fees has in his hands or at his command a source of information in addition to that which he had under the former act. If the section is to remain whereby one who goes to a house to make a temporary repair, no matter how trivial it may be upon a radio, must see that a licence has been taken out for that radio, then I do not see how anyone can escape without rendering it necessary to make use of the drastic remedy of a search warrant. The minister may point out that this provision appeared in substantially the same form in the previous act. I see that it has been redrawn, reworded and recast in some respects. My point is, however, that the minister has provided additional drastic and effective checks upon the issue of radio licences, and that the agent charged with the collection of licence fees now has at his disposal information he did not have before and information which, I submit, will enable him in a very large measure without a search warrant to find out whether or not licences have been taken out. I do not know what the minister proposes to do with respect to the section which stands, but I think it is fair at this stage to point out to the committee the situation which will exist if the section passes.

Mr. HOWE: Hon. members opposite are endeavouring to point out that this is all new legislation, and that it has never been in effect before. In reply to that may I say that I have in my hand a regulation signed by Alfred Duranleau, Minister of Marine, and dated at Ottawa on June 16, 1932. While I refer to this regulation I would ask the hon. member to cast his eye along paragraph (e) of section 4 to which he has referred. The regulation I have before me is in these words:

6. (c) No person shall sell any radio receiving set to any person for installation or operation until the purchaser has produced for inspection of the vendor his private radio receiving licence.

(d) No person shall service a radio receiving set until the owner thereof produces to such person his licence to operate such set.

My hon. friends opposite had exactly the same legislation. We have not changed their legislation one iota. In 1932 hon. gentlemen opposite enforced the collection of radio licence fees by search warrants and the sending of police officers into people's homes. This practice has continued since then. The practice of the department has been built up on what hon. gentlemen opposite started in 1932. We have not been able to find a substitute method which could be put into force without causing a considerable drop in revenue and tremendous injustice to those who pay willingly. There is a certain section of the population who will not pay unless there is some form of compulsion. I wish we could find some other system. Every year I bring the officers of the department charged with collecting these licence fees into conference to see if at the end of the year they have not found some variation to the existing system which will produce the same or better results. But we have not been able to find such a variation. We are not passing new legislation; we are continuing the legislation that was in force in 1932, 1933, 1934 and 1935 when hon. gentlemen opposite were in power. The practice was started by hon. gentlemen opposite; it was built up by them, and we have been unable to find a substitute.

Mr. ROBICHAUD: I cannot see anything particularly wrong with this section. The

hon. member for York South (Mr. Lawson) has told us that ninety-nine per cent of the radio owners would give voluntary information when an official came to their homes.

Mr. LAWSON: I am sorry, but I did not make that statement.

Mr. ROBICHAUD: What percentage did the hon. member mention? I thought he said ninety-nine per cent.

Mr. LAWSON: The hon. member is right as far as the percentage is concerned, but the rest of the statement is wrong.

Mr. ROBICHAUD: I believe that ninety-nine per cent of the people would answer truthfully when an officer came to them and asked if they had a radio. This section was intended to deal with the one per cent of the population who would not answer truthfully. It would be only in a few instances that this section would be enforced. I agree with the hon. member that ninety-nine per cent of the people would disclose that they had radios and, if they had no licence, would be ready to give excuses. It may be contended that we would not be losing much revenue by not enforcing this section, but that is not the question. If a radio owner can escape paying his licence fee, the news soon spreads and his neighbours will say, "If he does not pay, then we will not." The hon. member for Leeds (Mr. Stewart) has said that paragraph (e) of section 4 would provide a complete check, but it seems to me that there are instances where that paragraph would not work. Suppose I buy a radio; the dealer who sells it to me would hand in my name and address. But suppose I use it for a month or so and give it to my neighbour, my brother or my mother; I am not a seller and I do not have to report to the department. Where would the check be?

Mr. STEWART: Would not your sister or your mother be a person?

Mr. ROBICHAUD: But I would not be a seller.

Mr. STEWART: It says, "By any person."

Mr. ROBICHAUD: "May be sold." When I buy it they have a check on me, but in the instance I mentioned I would not be the seller. I am giving away the radio.

Mr. CLARKE (Rosedale): Section 9 provides that a justice of the peace may issue a search warrant when there is reasonable ground for believing that a private receiving station has been established without a licence. I contend that this section places too great a power in the hands of a justice of the peace. In many municipalities the aldermen have the right to be appointed justices of the peace and from time to time these appointments are cancelled. Many people in this country look upon their home as a castle and they are going to resent these search warrants being issued. Some of them are likely to take exception to the search being made and we may have violence and other forms of trouble. We are granting the right to issue a search warrant for the collection of $2 or $2.50.

If it is thought necessary to have search warrants issued, then I submit the power to issue should be placed only in the hands of officials appointed by the federal Department of Justice. We should not have the promiscuous searching of homes when only $2.50 is to be collected. To my mind this provision is too wide. I have heard the discussion on both sides of the house in connection with this section, and according to hon. members opposite the principal reason for its being in this bill is the fact that in 1932, 1933, 1934 and 1935 the members of one political party enacted similar legislation and therefore it must be all right. This legislation is before us for revision and these various matters should be looked into. The question of whether this section is right or wrong should not be governed by the fact that similar legislation was enacted previously. I ask the minister to look at this matter fairly and not make it so easy to obtain a search warrant.

Mr. DOUGLAS (Weyburn): I should like to make two suggestions to the minister. The first is whether it would not be better to change the phrase "justice of the peace" to "a police magistrate" or some person having some legal training. I am not familiar with the other provinces; but I know that in the province from which I come men are appointed as justices of the peace who have no legal training, who, in some instances, have little if any training of any sort, because in a small community some man must be found who can take oaths and that sort of thing, and a man is given the appointment. I know many such who—I say this with all deference are not in a position to pass judgment in a case like this as to whether a search warrant should or should not be issued. I appreciate the minister's difficulty; I recognize that you must prove possession, and to prove possession you must enter a person's home, but I believe it would lead to a lot of troublesome meddling if you gave that right to some men who have not any training and are perhaps not in a position to exercise fair judgment.

I also refer the minister to the clause, "he may grant a search warrant to any police officer or any officer appointed in that behalf by the minister." I can understand the latter phrase, "any officer appointed in that behalf by the minister," but as to "any police officer," I am not just clear why that should be permitted. I think it should read, "any police officer authorized by the minister or asked by those authorized to make collection of this licence fee"; any police officer at their request might act. But to allow any police officer authorized by any justice of the peace to do so might lead, it seems to me, to meddlesome trouble-making in small, minor districts where personalities and little local quarrels might intrude, and give the minister a great deal more trouble than he has, and I know he is anxious to avoid that. I therefore suggest that the phrase "justice of the peace" might be changed, unless there is some good reason why it should not, and that the other phrase should read, "any police officer appointed in that behalf by the minister," leaving out the first part of it, "any police officer".

Mr. LENNARD: The minister stated a few moments ago that this system was started by the late government in 1932. It does not matter to me for one moment whether it was started in 1932 or not. I might suggest that two wrongs do not make a right, and if the late government made a mistake in instituting the present system that is no reason why this government should carry it on. Personally I am absolutely opposed to the fee of $2.50 for a radio. I believe it would be well, if a yearly fee is to be charged, to charge $1 a year for the first radio and $2 or $2.50 for any additional radio in any one household. That would make it easier for the small householder.

I have another suggestion to offer, that it might be well to charge the tax on radios at their source; that is, charge the manufacturer or the selling source. It would cease to be a nuisance tax; the person buying a radio would be prepared to pay a certain price for it, and when that price was paid that would be the last expenditure he would have to make for it. I am opposed to this annual tax. It is a nuisance tax. The government well know it and they are sorry they are mixed up in it.

Mr. HOWE: As we are wandering somewhat afield, I would move that the committee rise, report progress, and ask leave to sit again.

Progress reported.

[Douglas, T. C.]

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF AGRICULTURE

Subsidies for cold storage warehouses under the Cold Storage Act, $53,177.85.

Mr. TUSTIN: I notice an item of $2,808.75 for Kingston Cold Storage. Would the minister kindly explain that?

Mr. GARDINER: The payment that is shown opposite Kingston is the first instalment of payment to the Kingston Cold Storage.

Mr. TUSTIN: That is the new cold storage plant?

Mr. GARDINER: Yes.

Mr. TUSTIN: The same applies to the next item, Moncton?

Mr. GARDINER: Yes; the same thing applies to Moncton.

Item agreed to.

Agricultural economics, $120,260.

Mr. ROWE (Dufferin-Simcoe): What constitutes the increase in this branch?

Mr. SPENCE: What is "agricultural economics?

Mr. GARDINER: Salaries, permanent, $54,360, submitted for 1938-39; for 1937-38, $31,106.25. There is an increase of $23,253.75 this year. Then there are temporary salaries, last year, $24,535; this year, $28,160; an increase of $3,625. Other items:

	1937-38	1938-39	Increase
Telephones and telegraphs	$ 500	$ 1,200	$ 700
Equipment	2,075	3,850	1,775
Printing and stationery	6,278	13,140	6,862
Travelling expenses	7,627	17,750	10,123
Miscellaneous	785	1,800	1,015

The net increase is $47,353.75. The real explanation of the increase is an expansion of services.

Mr. STIRLING: Is this Mr. Booth's branch?

Mr. GARDINER: This is Doctor Booth's branch.

Mr. TUSTIN: Why should there be so large an increase as $10,000 in travelling expenses?

Mr. GARDINER: The increase in travelling expenses is largely accounted for by the fact that the staff is larger and that there are

more people moving about in connection with those inquiries. Much of the increased economic work is due to the expansion of marketing activities.

Mr. PELLETIER: The minister provides for a chief of markets information service. I assume this is a new appointment. Does this not come into conflict with the Department of Trade and Commerce?

Mr. GARDINER: No, it does not.

Mr. DEACHMAN: Will the minister be good enough to give us an outline of the nature of the work performed by the economics branch of the department? There are two problems in which I am particularly interested. Speaking from the standpoint of Ontario, I believe that conditions are changing, and the old 100-acre farm seems destined to pass away. Has the economics branch considered what is the optimum size for an Ontario farm; that is, what size of farm is the most efficient unit of operation? Is it 100, 300 or 500 acres? Has any study been made along that line, and is any information available?

The agricultural implement companies are steadily tending towards the production of larger sized implements, looking in the direction of power farming, and this is leading to the larger sized unit of farm. If the department could work out an analysis of this question which would help to determine the size of farm that would be most profitable, I think it would be a sound contribution to Canadian agriculture.

There is one more problem to which the department might possibly give some attention. It is extremely difficult to secure any details in regard to the earnings of Canadian farmers. We have a record of the earnings of civil servants; we have a record of the wages of the men who work in industry; but because the farm situation is much more complex, and the farmer gets his living on the farm, it is extremely difficult to secure adequate information. It could be done only by a close and detailed analysis over a sufficient number of farms so that we might have some actual insight into the real situation. This would be valuable to agriculture in more ways than one, because it would give some idea of what the farmer actually earns, and it would be valuable information to some of the people engaged in other industries. Moreover, from the standpoint of the farmer himself, it would give him certain necessary information which would be helpful to him. Jim Hill once said that if you are in business and cannot find out what profit you are making, it would be better for you to go out of that business. If some of the farmers knew the real situation as it is to-day, they would be more keen in the pursuit of their own interests and find means of improving the conditions on their farms, and if other classes knew what the farmer was earning, then perhaps there might be a broader measure of sympathy in considering the problems of agriculture.

Mr. GARDINER: The activities of the economics branch are to some extent along the line advocated by the hon. member. Most of the work undertaken is done on the invitation of, and in cooperation with the provincial departments. The reason for this is obvious. Much of the inquiry has to be made on lands that are privately owned, most of which are under the control of the provinces, and even where it is crown lands that are being examined they are under provincial control.

A few years ago there was in Ontario an investigation of the sort suggested by the hon. gentleman. It was carried out under the direction of the college of agriculture at Guelph, and as a result there is some information which has been regarded as standard up to the present time. It is possible that there is need for another inquiry into the size of farm that can be operated most successfully by the average farmer in Ontario, but any request for such an investigation would naturally come from the province. We set up the machinery for making inquiries of this kind largely because of the impossibility of nine different organizations in Canada conducting such work, and also because of the expense. There would be no way of getting proper comparisons between the activities carried on in one section and those carried on in another if the work were done under a number of different authorities. The department here has therefore attempted to build up an organization which can cooperate with the different provinces.

Some of the work being carried on at the present time is done in western Canada in connection with the land utilization plans, and inquiries are being conducted in cooperation with the governments of the different provinces. Economics research work covers a fairly wide field including research and general marketing problems; the study of costs of distributing fruits and vegetables; making an annual analysis of the farmers' cooperative marketing enterprises; cooperative purchase of farm supplies. Another phase of research in marketing is that of analysing marketing problems in Toronto and Ottawa, and studies

are being conducted into the consumption of milk, cheese, cream and meats. The purpose is to appraise the facts affecting consumption of farm products. This division also directs research in land utilization in the west. These studies are confined to the drought area and are concerned with the economic utilization of land in Saskatchewan and Alberta. In addition to this, the division makes studies with regard to the cost of milk production in Ontario and factors affecting the price of Nova Scotia apples. They also get out a number of publications dealing with different subjects that have been investigated.

Mr. TUSTIN: What relationship has the chief of transportation to the economics branch?

Mr. GARDINER: Transportation is naturally a very important part of marketing. The product is drawn usually from a considerable distance; that is, the surplus that has to be sold and shipped is produced at a considerable distance from the place where it is consumed. There are very many problems affecting the farmers from one end of the country to the other, problems having to do with cost of shipment, particularly local freight costs, where, because of some new development, the freight is travelling in different directions from the route it usually follows. When these conditions arise we have someone available to make inquiries and, on behalf of the farming communities, to present the case properly to the different transportation organizations.

Mr. PERLEY: Is there any discrimination in the rates on fruits going from British Columbia into the prairie provinces as compared with the rates on fruit going from Nova Scotia, particularly in carload lots? I understand that in order to get the cheaper rate from British Columbia, the quantity must be something like 60,000 pounds, while for a similar rate from Nova Scotia, it is only about 30,000 pounds. Has there been any investigation in that respect?

Mr. GARDINER: I am not sure of the facts with regard to the regular rates as between the maritime provinces and the prairie country as compared with the rates from British Columbia to the prairies. Last fall we got a special rate on apples shipped from Nova Scotia to the prairies. By getting the special rate from Nova Scotia we were able to lay apples down in the prairies at a slightly lower cost than the apples from British Columbia cost.

Mr. SENN: I listened with interest to what the hon. member for Huron North (Mr. Deachman) said concerning the condition of agriculture and the state of the farmers generally, and particularly in eastern Canada. It has been truly said that if the farmer were to keep books and charge up the same labour and other costs that manufacturing industries do, he would never put a plough in the ground, because he could never show a profit. But although he cannot show profits from a bookkeeping standpoint, he seems to get along, although I fully agree with what the hon. member said about his position at the present time.

How far does the federal administration deal with domestic marketing? I understand that, under the constitution, trade within the country is purely a provincial matter; yet it seems that our federal department does make investigations into domestic marketing. I should also like to know what attention is being paid by the department to cooperative efforts in agriculture. It seems to me a very important branch of marketing, and every effort by farmers towards cooperative marketing of their products should be fostered and assisted as far as possible by the federal department. What assistance is being given to farmers' cooperative organizations throughout the dominion?

Mr. GARDINER: There is some difficulty in regulating the marketing of farm products from a federal centre. This was realized when the Natural Products Marketing Act was referred to the supreme court. However, it is recognized by the provincial governments that a large part of the work, particularly that having to do with the regulations covering standardization of products, can be done better by a central organization than by nine different authorities. The result is that even where the constitution does not permit of our taking action to enforce certain regulations, the provinces cooperate with us by naming our officials to be their officials in many instances to do that work. While we pay these men who conduct the work, they are acting in some circumstances as appointees of the provinces as well. There has been no difficulty in preventing overlapping in connection with work of that kind. It is fully realized by the provincial authorities that if a product is produced in one province and sold in another there must be a good deal of cooperation.

As far as farmers' cooperatives are concerned there is no other work I can speak of at the moment than that of issuing information through this economics branch as to what has been done elsewhere in connection with the development of farmers'

cooperatives. The work is being promoted in that manner in all parts of Canada where information is required through this branch.

Mr. MacLEAN (Prince): I wish to make a plea for the potato growers of Prince Edward Island. For the last few years they have been largely dependent upon the growing of potatoes for which they have to find a market outside. Under a previous vote we found that there is quite a staff in Great Britain looking after the marketing of our produce. Last year I was over there, and it is a fact that we have to fight our way into that market, because the British farmer is looking out for himself and does not wish to allow any more of our products to come in than can be avoided. But they want to buy certain products, which we have in abundance. I refer to all kinds of grain. The British farmer does not want to use his land for growing grain because he can get better returns from live stock. He is willing to let us grow the grain here and ship it to him. But our potatoes have always been shut out of the British market; there has been a total embargo. I do not understand why we could not overcome that in some way. The reason the British Department of Agriculture gave is that we have the potato beetle in Canada, and it might be carried over there and the country become infested with it. I have pleaded before this that the department have a real investigation made into this question. I do not believe that the potato beetle could be introduced into Great Britain in that way. They receive potatoes shipped from different European countries where the beetle has been for years, and where, in fact, it is said to have originated. If the potato beetle could thrive in Great Britain, it would have been established there long ago, because these insects are great travellers.

In all fairness, in view of the amount of goods we purchase from Great Britain, the Department of Agriculture should again take up the question of the lifting of this embargo. A few years ago we made a determined effort to prove that it would be impossible for the potato beetle to be carried over there in potato sacks. In New Brunswick they even went so far as to put in brushing machines, the potatoes are carefully graded and brushed, every potato inspected, and the bags carefully inspected and sealed. Notwithstanding that, we were unable to get our potatoes admitted to the market. There must be some other reason than the potato beetle. I made extensive inquiries while I was over there, and the tremendous amount of potatoes imported into Great Britain was a surprise to me. In all fairness, Canadians are entitled to a share of that business. I believe if the matter were taken up by the minister, he might be able to obtain something in the way of a satisfactory agreement with them so that our potatoes might get into that market. We are endeavouring to process potatoes, putting them up in cans, and I understand that venture is meeting with a great deal of success, but still the same problem confronts the farmer. This year he had practically to give away his potatoes, to sell them below cost of production.

Mr. SPENCE: You grew too many; that was all.

Mr. MacLEAN (Prince): We grow potatoes because in the past they have been a good cash crop. I agree that perhaps we should get back more to the mixed farming that was carried on years ago, and the department of agriculture of Prince Edward Island has been urging the farmers to do so. But there were good years when the farmers made a good deal of money out of potatoes; they have started off on this line of farming, and they seem anxious to stick to it. There is another market that we are always hoping to regain; that is the Cuban market. I know it is not the function of the Minister of Agriculture to negotiate treaties with foreign countries, but it is a very important part of the work of the Department of Agriculture to endeavour to find markets for the products of the farmers of this country. I wish the minister would take up with his colleagues the Minister of Trade and Commerce and the Minister of National Revenue the possibility of something being done to bring about a trade agreement with Cuba and some of those other countries in South America and the West Indies. I should like to hear from the minister what hopes he has of getting into the British market.

Mr. GARDINER: About a year and a half ago, the government of the province of New Brunswick sent a man to the South American countries in order to explore market possibilities there. At that time we did not have either the facilities or the funds to assist in that work, but last year we appointed a representative to go to the South American countries and explore the possibilities of creating a market for potatoes throughout all the countries in which it is possible for our seed potatoes to be sold. As a result of the activities of the provincial man or men, of our trade commissioners in the different countries and of the representative of our own department, who was able to discuss with these

people not so much the marketing but the different varieties that we produce, the proper way to plant and care for them and how to fight the diseases that are associated with our potato crop, the sale of our seed potatoes in South America has been greatly promoted. Speaking from memory, I think somewhere in the neighbourhood of seven hundred thousand cases of potatoes were sold in South America following those activities. This year we have sent the same man to Europe, and more particularly to Great Britain, to carry on activities similar to those he carried on last year in South America and the West Indies.

Mr. SENN: Who was that man?

Mr. GARDINER: Mr. Arkell, who was previously in the department. I may say that I have had quite a number of communications from different countries in South America commenting very favourably upon the experience they had with our official while he was there, not from the point of view of promoting trade but because he was able to discuss with them general agricultural problems, and to give them the benefit of the experiences of the department here in different lines of agriculture, more particularly in connection with the growing of potatoes. As I said, within the last two weeks he left for Great Britain, and our agricultural commissioner left this week for the same country. These two gentlemen will immediately take up such problems as those just referred to by the hon. member for Prince, and I am sure that some beneficial results will come from the activities now being carried on.

Mr. SENN: I was greatly interested in the statement just made by the minister, to the effect that other gentlemen, in addition to those who were over there last summer to investigate marketing conditions in Great Britain and other parts of the empire, have been sent—on a fairly good salary, I believe—to investigate certain matters. I just asked the minister the name of one of these gentlemen, and I find that I know him of old. He is an estimable gentleman who at one time occupied a very high position in the Department of Agriculture. But I wonder if it was necessary to undertake this extra expense at this time in connection with these activities. Not only have we had a commission investigating marketing in Great Britain; we have our trade commissioners there and in other parts of the world, whose duty it is to undertake just the sort of work that Mr. Arkell has been called upon to do. It seems to me that the work is more or less overlapping, and it would appear hardly necessary to make such extra expenditure for this purpose. However, I suppose it is impossible at the moment to have anything done about the matter.

Before I sit down I should like to ask the minister one other question. I understand that the set-up of the marketing division has already been discussed to a certain extent; but in the estimates I notice provision for an assistant director of marketing services, at a fairly good salary, under this branch of agricultural economics. In addition, I was going to ask the minister, when the administration vote was up, about the provision for a special poultry commissioner, also at a very fair salary. In the old days we had gentlemen at the heads of the different branches of agriculture. We had a dairy commissioner, a live stock commissioner, a head of the sheep and swine division, and so on. I do not see those names mentioned in the present set-up. I am wondering if these gentlemen have been demoted or, if not, just what their position is to-day. They were perhaps the best available men within the department at the time, and it may be that their positions are differently described to-day; but in any event I think the minister might at this time give us some idea of the standing of these gentlemen, whether they are still heads of the different departments, or whether they have been absorbed in the general rearrangement and have no official standing at the present time.

Mr. GARDINER: In reply to the first part of my hon. friend's remarks, the part of the work which cannot be done properly by officials located at particular points, whether agricultural or trade commissioners, is the matter of checking on efforts that are being put forth by those selling similar commodities in other parts of the world. For example, Mr. Arkell has just been in South America, where he found that most of the seed potatoes which do not come from Canada or the United States come from Holland, Germany or some other European country. We have found that there are certain advantages—at least he and the others who have gone to South America have so found—in the Canadian seed. It has been found also that some excellent varieties are produced in some of the other countries and shipped to South America for seed. Part of the work we intend to do in Europe is to have these men, particularly those working under Mr. Allen, who has been sent over there recently and who is an expert in many of these lines, examine into the activities carried on in these countries and, if any varieties or methods can be found that might

be used to advantage in Canada, to have them tried out on our experimental farms here and, if possible, to develop those lines in Canada. Mr. Arkell, having examined into the activities in the South American countries will, in turn, examine into the activities in the countries in which those varieties of seed originated, and will be in a much better position to give advice to the department as to what we ought to do by way of experimentation than would any individual who may be established permanently in any one place. It is work of that kind which is being done by Mr. Arkell, and any others who may be sent. It is not a matter of inquiring into marketing possibilities, in the sense that we sent a committee last year to England for the purpose of making inquiries; rather it is an inquiry into the agricultural possibilities, generally, a matter of working in cooperation with our commissioners and bringing back information which can be made available to organizations in this country.

As I said at the beginning of the discussion on the estimates we have set up four different divisions. There is the marketing division, the production division, the experimental division and the research division, and there is a director for each of them. In so far as any of the original branches of the department can be associated with one or another of these divisions, this is done. A section of a branch which is not properly allied with the work being done in connection with marketing, for example, but more closely allied with production, is placed in the production division. But, so far as economics is concerned, may I say in reply to an inquiry which was made that the assistant director is Doctor Booth, who was previously in charge of the economics branch of the department. His classification in the department, so far as salary and general position are concerned, is exactly the same now as it was before.

Mr. ROWE (Dufferin-Simcoe): What classification has Mr. Arkell?

Mr. GARDINER: He is just engaged temporarily from time to time, at a certain wage, and is given expenses in addition to his salary.

Mr. SENN: I do not wish to take up too much time, nor do I wish to criticize the set-up of the department or the work that is being done. In fact, I believe most of the work is being carried on in an excellent manner and, further, I believe that a good deal of the work is necessary. But I still cannot understand why it is necessary to send special representatives to these foreign countries and to the British market when we already have estimable gentlemen there representing the Department of Trade and Commerce whose specific duty it is to look into the very matters that Mr. Arkell and the other special representatives who are sent over there look into. It seems to me there must be a certain amount of overlapping, and if there is any overlapping it may be that any misunderstanding which may have existed between the departments will continue to exist. When the minister was speaking about Mr. Arkell he used the expression, "or any others who may be sent." Does the minister anticipate that any other men, whether they have special qualifications or not, are likely to be sent within the near future to assist the organization already in existence in Great Britain and other countries? Will they be undertaking special missions of the kind Mr. Arkell pursued, in days gone by and is pursuing at the present time? If anything of that sort is anticipated, I think the minister should frankly tell the committee about it.

Mr. GARDINER: We do not have anything in mind at this time in addition to what is now being carried on in that direction. But, as a result of information we get back from people there, it may be necessary to send experts in certain lines.

Mr. LENNARD: At page 104 of the report it is indicated that there was a study of the cost of milk production in Ontario in 1937. What are the results of that study?

Mr. GARDINER: The investigation in connection with milk in Ontario is still continuing, and the results are not yet available for publication.

Mr. STEWART: I have listened to the minister's observations respecting the reorganization of his department. To what extent have the activities of that department been expanded? Am I correct in assuming the work that is now being done was, in some measure at least, performed in the past, but through different agencies, and that he has just rearranged and realigned duties which were formerly assigned to other employees or officials? To what extent is he embarking on any new or untried policy which was not, at least to some extent, being carried on before he undertook to reorganize? We have heard a great deal about reorganization, reclassification and rearrangement. As I understand the situation, practically all of the work now being done was done before. Possibly it was done by other officials, but what I do want to have is a concise and clear explanation of

the expansion of or any new development in the work of his department which has followed or will follow as a result of the reorganization.

Mr. ROWE (Dufferin-Simcoe): It is reconsideration, not reorganization.

Mr. GARDINER: I think it will be remembered by hon. members that on the first evening we discussed the estimates of the Department of Agriculture I explained that the reorganization was for the convenience of the administration in operating the department. The Department of Agriculture, like other departments of government in Canada, has grown up since confederation—

Mr. SPENCE: And is still getting bigger.

Mr. GARDINER: Yes, bigger and better. I believe other ministers in the department have had in mind the thought that there should be some reorganization. When I took over the department I was satisfied that was so, and the reorganization was done in as direct a manner as was possible. We took longer in bringing it about than I had hoped would be necessary, but I believe that was to be expected in dealing with an organization as widespread as the dominion Department of Agriculture. The main expansion has been in connection with marketing activities. Other branches have been made to relate themselves to our greater efforts in connection with marketing. As I said the other evening, in the first place we did research work to discover other organizations, whether in Canada or out of it, with which we might associate ourselves in order to bring to bear upon agriculture in this country all the scientific and other discoveries it was possible to find in connection with agriculture.

Mr. STEWART: Is that new?

Mr. GARDINER: No; that is not a new undertaking, but we did that in the first instance. We carried our activities to the experimental farms, as has always been done. We are still carrying on our activities in connection with production, as has always been done, but we are going one step farther and are emphasizing the necessity for greater care in connection with marketing.

I agree with the statement made the other evening by the hon. member for Haldimand (Mr. Senn) that the most important efforts along that line will have to be made in Canada itself. The greater part of our farm products is sold and marketed in this country. Only cheese, wheat and possibly apples and bacon are sold in considerable volume, as compared with entire production, outside Canada. For that reason our activities will be continued in Canada in connection with promoting the sale of these products and increasing consumption by producing better standards. I may say that I know of no activity, either within or without Canada, that has to do with the selling of products. We have no sales organization. In so far as agriculture is concerned, our activities outside Canada have been expended in another direction. We have sent overseas a man who is recognized throughout Canada as an agricultural expert. He has the ability to go into any agricultural educational institution on the other side, acquaint himself with their activities and make known to our agricultural colleges and other institutions the possibilities of growing certain products now being produced on the European continent and in Great Britain. This gentleman speaks two or three of the languages of the people in those countries. I believe having a man in touch with activities on the other side is a new idea.

Mr. STEWART: I believe the minister appreciates and sympathizes with the objectives of the Natural Products Marketing Act. That act had as an objective the improvement of the quality of our products at home and the providing of better marketing facilities abroad. Have the objectives of that act been kept in mind and has a way been found to carry them into effect? That legislation had a rather unfortunate fate before the courts, but I believe the minister will agree that its objectives were sound and in the interests of agriculture. Perhaps the minister has studied other methods by which the same objectives could be reached. Has that been the policy of the department or have the objectives of that act been scrapped altogether? Are we proceeding along new lines to attain the desirable results which were in view when that legislation was enacted?

Mr. GARDINER: Earlier in the afternoon we listened to a discussion on dairying matters as they were related to the Natural Products Marketing Act. For example, the province of Ontario carried on certain activities in the latter part of 1935 and in 1936 in connection with the cheese producers' organization. These activities were carried on under the Natural Products Marketing Act. This organization was empowered to charge five cents per 100 pounds.

Mr. STEWART: That was provincial, absolutely.

Mr. GARDINER: Originally it was federal. When the Natural Products Marketing Act

was declared ultra vires, the cheese producers' organization made application to this government for a grant of $8,000 in order to continue the activities started under the act but for which collections could not be made. We had to accept some responsibility as a federal government for what had been set up under the Natural Products Marketing Act, and we made a grant of $5,000, which was used by the organization to assist in paying an official whom they had sent over to Great Britain. We did not give a grant in 1937 as we did not assume any responsibility for that year. After our act was declared ultra vires, the provincial government passed an act empowering producers' organizations in Ontario to collect fees similar to those which had been collected under the Natural Products Marketing Act. I am not sure whether we have had applications for assistance since then, but I know none has been given. The report which was read to the committee this afternoon indicated that the $5,000 was paid in 1937, but it was paid in our financial year 1936-37. It just happened to go into their treasury after December 31, 1936.

I think this illustrates what has been done as a result of the finding in connection with the Natural Products Marketing Act. The province of Ontario has taken action in connection with cheese and, I believe, some other commodities. New Brunswick and British Columbia have both taken action in connection with certain products. These three provinces have taken action which makes it possible for certain products to be marketed under schemes similar to those set up under the Natural Products Marketing Act. So far as the federal department is concerned, we realize that we have certain obligations, particularly in connection with the marketing of products in other countries and interprovincially.

Mr. STEWART: And in grading.

Mr. GARDINER: We have a perfect right to do that under the constitution. We have endeavoured to create the best possible sentiment among our customers by seeing to it that they get a superior commodity; that is, we are trying to standardize and raise the quality of our products. We are trying to place in the hands of the consumer a product with which he will be satisfied, no matter what may be the marketing facilities which place that product at his disposal. I believe we are getting fairly good results from these activities.

Mr. BROOKS: I was interested in the remarks of the hon. member for Prince (Mr. MacLean) in connection with the efforts being made to sell potatoes in South America and Cuba. The hon. member asked the minister what possibilities there were of selling potatoes in Cuba, but I do not believe the minister gave an answer. The potato growers of the maritime provinces are very much interested in the possibilities of selling potatoes in Cuba. During the last few years a certain portion of the press in the maritime provinces has been stating that a great market for our potatoes exists in Cuba. Then we hear that the farmers in Cuba can raise enough potatoes to supply that market. We hear also that the reason why we are not selling potatoes to Cuba is that a dumping duty has been placed against Cuban sugar. I think it would be a splendid thing if the minister would tell the committee, and through the committee the people of these provinces, whether there is a market in Cuba for New Brunswick and Prince Edward Island potatoes. I should also like to know if Mr. Arkell, who was investigating conditions in South America, Cuba and the West Indies, has made a report as to the prospect of future sales of seed and table potatoes in those countries. It is all very well for the agent to go down and investigate; but unless the people are informed as to the result of this investigation and unless he finds some market for their product, I would not consider that his activities had been of very much use. I know we have been selling a great many seed potatoes in South America recently; but in the maritime provinces there are not so many producers of seed potatoes as there are producers of the table potato, and what agitates the minds of most of the farmers in connection with the sale of the potato is not only the seed potato but also the table potato, of which, as everyone knows, we in the maritime provinces can raise the best in Canada, possibly in the world. If the minister would kindly answer these questions, I think it would satisfy many of the farmers in my own province of New Brunswick and in the neighbouring province of Prince Edward Island.

I should also like to know whether the department at Ottawa is cooperating with the departments in the various provinces. New Brunswick, for instance, sends agents down south nearly every year, and we hear of the federal department sending their agents there also. It seems to me that if there were cooperation it would not be necessary for so many of these men to be travelling all over the world at the expense of the federal and provincial governments. Fewer men and better

results would be better for the governments, for the country and for the farmers who are more interested in selling their products than in reports.

Mr. GARDINER: Mr. Arkell, who was down there last year and made inquiries with regard to the possibilities of markets for both table potaoes and seed potatoes in the South American and West Indian countries, reported back to the government here first what he found in those countries. Then he went from here to the different capitals of the provinces where potatoes are grown in great volume, but particularly to the capitals of the maritime provinces, made separate reports to their governments, and met the representatives of different organizations that are interested in the marketing of potatoes in those countries.

Mr. BROOKS: Was this report published?

Mr. GARDINER: His report has not been published, but any of his findings are available to the authorities in the provinces. In addition to that, he made reports to us somewhat along the lines of the discussion which has now started, that is reports as to whether it would be advisable in years to come to promote the sale of seed potatoes in certain countries as against promoting the sale of table potatoes. There are certain parts of South America where, we understand from the reports made to us, seed potatoes can be grown to advantage. When those countries develop the growing of seed potatoes we, of course, being further away from those countries, shall probably find that we shall lose a market rather than gain one by promoting, for the time being, the sale of seed potatoes there. We are benefiting as much as we can by information of that kind in directing others who may be intending to develop markets in any particular countries in South America.

In addition to that, the men who have been sent down by the different provinces, particularly by New Brunswick, have been sent to promote the sale of the potatoes of their particular province in South American countries. When our potatoes have gone down there, there have developed, in connection with certain varieties, certain diseases. The provincial authority has then made application to the federal authority, as the latter is the only authority which has experts who can go down to deal with a problem of that kind, and we have now a man in South America dealing with a disease which developed there in connection with potatoes shipped from the maritimes, a disease which, I understand, did not prevail in this country before the potatoes went to South America, but has developed within the potatoes there with new conditions existing. We have found, from the first report received from our representative, that he has proven to the satisfaction of the South American people that this disease did not have its origin in Canada, because the same disease is prevalent among potatoes the seed of which was obtained from European countries.

It is that kind of work which is being done. If we did not have representatives down there to deal with the matter on the spot, at the moment the disease develops, it would be very simple for other countries to convince people there that this disease was introduced through the introduction of a new variety of potatoes from Canada, and if that were the case we should immediately find ourselves in exactly the same position in those countries as we are in Great Britain, by reason of their objection to our potatoes because we have potato bugs in this country. We do not want a situation of that kind to develop, so we think it is good business from the agricultural point of view to send men down, when the provinces ask that they be sent, in order to check up on any diseases which develop in connection with any province.

Mr. BROOKS: Well, now, will the minister kindly answer the question with reference to the possibility of markets in the island of Cuba? In the maritime provinces, because we used to sell great quantities of potatoes to Cuba, there prevails an impression that that market, were it not for certain duties, would be open for our potatoes and could take very large quantities.

Mr. GARDINER: I think I said some little time ago that there was really no overlapping between our department and the Department of Trade and Commerce, and I do not want to get into a discussion with regard to trade agreements. In so far as trade agreements and tariffs on different items affecting agricultural products are concerned, I do not intend, under these estimates, to get into a discussion of that question. I can only say that, as I understand it, there is a question in the minds of potato growers in the maritime provinces as to which line of development would be most beneficial to them, whether to promote largely the sale of seed or to promote mainly the sale of table potatoes. With that discussion the people of the maritimes are much more familiar than

I am. There is a question in the minds of all those who go down there as to whether the people in Cuba can maintain the production of potatoes at the present level as a result of having imported into that country seed potatoes from Canada and other northern countries. I am not at the moment in a position to answer the question as to which would pay the maritime people best. At the present time there is a market for both kinds of potatoes.

Mr. HAYHURST: I commend the Minister of Agriculture for the addition to the program this year, because it seems to me that this is the psychological time to develop our marketing facilities, especially in Great Britain and the countries of northwestern Europe. As the committee knows, those countries are suffering to-day from drought and will need this year a great many more of our products than formerly; and no doubt next year, when we look over the departmental reports, we shall find that the Department of Agriculture will have a glowing statement showing the tremendous increases of exports, especially to Britain and Germany, if they develop those markets, because the demand exists, the people need the goods, and anybody can sell them to them. This is the psychological moment to press this sales agency idea, because we are getting away from that conception of the past when holding policies of various organizations in Canada more or less restricted the purchasing power of those other countries. Because of the antipathy towards us, these people tightened their belts and used black instead of white bread. To-day we have an entirely different picture facing us. It seems to me that these agencies have been organized at the right time, and now we want results.

The minister has mentioned four services; Marketing, production, experimentation and research work. As far as possible we should avoid overlapping between any of these services such as experimentation and research. The provinces are at present spending a tremendous sum on these services, but naturally the federal department could spend money profitably on marketing. We know this is likely to be our banner year, especially in western Canada, and we shall have potatoes, wheat, oats and other commodities in abundance. We want a market for these products, and this is the psychological moment for these efforts to be made. I suggest that a genuine effort be made to promote good will in obtaining these markets. The government should expand its services at this time. I also recommend to the minister a proper coordination of these various services so that we may obtain from time to time the knowledge we require of what is going on. We trust that next year, through the increase in the grant, some good will result. The government has a glorious opportunity now, and I am sure that all hon. members, no matter to what party they belong, wish Canada prosperity. This is probably our year for obtaining it. As I say, the government has an excellent opportunity, and we hope that the best possible use will be made of the grant. We know that we can produce enough, but marketing is the end to which attention must be paid. That is the be all and end all of the industry.

Mr. GARDINER: I wonder if the committee would pass item 7? We have been discussing item 10 for the last hour.

Mr. LENNARD: With regard to the production of milk in Ontario, can the minister tell us when that investigation started, how long it will last, and who is carrying it on?

Mr. GARDINER: Investigations with regard to milk in Ontario have been going on for two years. They are carried on under a cooperative arrangement involving the government of Ontario, the agricultural college at Guelph and the Department of Agriculture here, through the economics branch. It is being directed by our official here, and a similar official in Toronto, and will continue for a number of years. The investigation is one that requires records over a term of years if it is to be beneficial. I am not in a position to say how many years it will take to get sufficient records to be really valuable.

Mr. LENNARD: Is it being carried out on different farms throughout the country or merely at experimental stations?

Mr. GARDINER: On different farms throughout the province in cooperation with the farmers and with their consent.

Mr. LENNARD: Just a stated number of farms in different localities?

Mr. GARDINER: There is a considerable number. It is not a matter of dividing it up among municipalities and saying that each municipality shall have so many. It is a matter of groups of farmers.

Mr. LENNARD: Different breeds?

Mr. GARDINER: The breed does not enter into the checking, but certain herds are checked.

Mr. MARSH: Item No. 7 calls for $120,260 for the pursuit of agricultural economics. I take it that this is a necessary item, or this

and other governments would not vote money for it year after year. The number of employees has been increased from twelve to twenty and the amount of money by $47,000. I was not altogether satisfied with the minister's reply to an hon. member who spoke a few minutes ago as to the extent to which this will be a new service to the farmer and the extent to which it is an elaboration of an already existing service. Will the farmer on the back road feel the impact of any part of this $47,000?

Mr. GARDINER: This is based on activities begun in 1922. I believe the branch was set up about that time. Of course, it has been developing from then until the present day. The increase in staff this year is due to the demands that are being made on the branch from different parts of Canada, and the increase from $72,000 to $120,000 represents as nearly as possible the increase in activities along the lines we followed previously. We have been increasing activities in different parts of the country.

Mr. LENNARD: Has there been any progress in connection with the new terminal market in Toronto?

Mr. GARDINER: As my hon. friend knows, an investigation was carried out and a report made to those interested in the market.

Mr. SENN: Have they asked for any assistance from the federal department in connection with the new terminal market in that city, and is there any intention on the part of the department to give that assistance?

Mr. GARDINER: We have no request for assistance of the kind indicated. We have requests for service, and we give whatever service we can, such as investigations and reports.

Mr. PERLEY: As the minister knows, we are faced with many economic problems in Saskatchewan, and I would say that some of the policies adopted by the present government will add to those problems. Under this item, what sort of work is being carried on in the western provinces? We have been discussing the marketing of our products and the question of advertising in other countries. Last fall at about the time that Professor Shaw was overseas on this work under the new branch—

Mr. GARDINER: Would my hon. friend mind leaving that until we are on that item? It is item 12.

Mr. PERLEY: Under the item at present before the committee we have discussed nearly everything in the line of marketing. The discussion has been along the lines of advertising our agricultural products. At that time the wheat board initiated a very extensive campaign in Great Britain advertising Canadian wheat. I understand Professor Shaw is a member of the wheat board as well. I am not suggesting that he is drawing two salaries, but the minister might explain his position. Did Professor Shaw, during his time over there last fall, take any part in this advertising scheme initiated under the wheat board?

Mr. GARDINER: Dean Shaw, as he was at the time of his appointment, was appointed to the wheat board in 1935, and has continued as a member of that board. At present, while he is a member of the board, he is drawing only his salary as director of marketing in the Department of Agriculture. While he was in England last year he was, of course, a member of the board. The board set up an advertising program which was being carried on in connection with wheat prior to the time Dean Shaw went to England. These activities were going on when he was there, but not under his direction as director of marketing in the Department of Agriculture. The wheat board is operating under the special act which sets it up. It is operating through the Department of Trade and Commerce, both in Canada and outside.

In regard to the activities of the economics branch in Saskatchewan, I can only say that its main activities there at the present time have to do with the land utilization investigations being made throughout the drought area of Saskatchewan.

Mr. TUSTIN: Why should there be such a large item for temporary assistance? I notice that the salaries have increased from $32,625 to $54,360, and temporary assistance has increased by about $4,000. Why should such a large item be carried as temporary assistance?

Mr. GARDINER: In this branch, the same as any other, all employees who are taken on are temporary at first. The fact that we are taking on a number of new employees naturally makes the temporary list rather large.

Mr. SPENCE: Are these temporary employees marketing experts?

Mr. GARDINER: Not necessarily, in connection with this work. These men are taken on, and even if they are going to be permanent eventually they have to be temporary when appointed. All who are taken on for a short period are temporary.

Mr. THOMPSON: Are the appointments made by the civil service commission?

Mr. GARDINER: All these appointments are made by the civil service commission.

Mr. BARBER: The minister has referred to officials travelling to different parts of the globe. Owing to the increase in travelling expenses in connection with this department we might almost say it is becoming a roving department. I believe I am right in saying—the minister will correct me if I am wrong—that the estimate for travelling expenses alone for the Department of Agriculture amounts to about $965,000, or an increase of $93,000 over last year. That is over ten per cent of the total estimates. Is it the policy of this government that this shall continue to increase each year? Can we expect an estimate of a million dollars next year for travelling expenses in the one department?

Mr. GARDINER: If I remember the figures correctly, the Department of Agriculture was spending about $11,000,000 back in 1928 or 1929. It is one department that was cut very heavily by the former government, probably more than any other department. Apparently the late government did not consider agriculture of as great importance as the present government does. We have been gradually building the department up; it is not yet back where it was when we left it in 1930.

Mr. BARBER: Building it up by increasing travelling expenses. I notice there appears to be a decrease from the estimates of last year. We must bear in mind that the supplementaries are yet to come down, which will no doubt increase this item, which now reaches $965,000 for travelling expenses alone.

Mr. GRAYDON: I was somewhat surprised to hear the minister make the rather facetious reference he did—I am sure it must have been by way of humour—when he mentioned that the previous administration had not quite as high a regard for agriculture as this administration has. He must have been listening to the hon. member for Huron North (Mr. Deachman).

Mr. GARDINER: He expressed a general opinion.

Mr. GRAYDON: I would point out that there is among farmers in eastern Canada a growing feeling that much more attention should be paid to them and their problems than is paid by this House of Commons. Although we spend in the neighbourhood of half a billion dollars here, only one-fiftieth of the entire expenditure goes to agriculture. It is not much wonder that the farmers of eastern Canada are asking members of parliament what is being done for eastern Canadian agriculture. Something must be done soon to help many of these specialty lines of agriculture in which eastern Canada is so much interested. I am sure there is not one hon. member from an agricultural constituency in eastern Canada who begrudges the amounts given from time to time to agricultural pursuits in other parts of Canada. And while I have never advocated a rising tide of expenditure, but rather the opposite, I think there are many departments of government which might give way and have their estimates reduced and thereby allow more to be spent upon the development of eastern Canadian agriculture. One particular problem in many ridings similar to my own is in connection with vegetables. Vegetables may not seem so very important to the minister, but I point out to him this cogent fact, that the problem of the vegetable grower in Ontario and elsewhere is one which ultimately must be met.

The CHAIRMAN: I do not like to interrupt the hon. member, but fruit and vegetables come under the next item, No. 10.

Mr. GRAYDON: The Minister of Agriculture looks very much interested, and perhaps the committee will allow me to finish my remarks in regard to agricultural economics. I am speaking more particularly on the subject of research. In any event I may point out to the minister that so far as the vegetable growing industry in eastern Canada is concerned there is a feeling that these growers do not always get a square deal. I think some of this money which is voted from time to time for research might well be applied to the vegetable industry in the province of Ontario and elsewhere. Among their other grievances the vegetable growers feel that the statistics with regard to their industry, for instance, do not indicate the real importance of that industry to Canada as a whole, and I would suggest to the minister that this is one way in which a substantial portion of the money voted for agricultural economics might very well be spent. I draw that to the attention of the minister in all fairness, and I hope when he has further remarks to make with regard to the contrast as compared with the administration of previous years, he will consider that, after all, in those years conditions generally were somewhat different from the conditions that exist to-day.

Mr. GOLDING: Hear, hear.

Mr. GRAYDON: We did not have the expanding revenues of the present day; nor did we have the expanding expenditures, I would point out to the hon. member for Huron-Perth. Having regard to our expenditures throughout Canada as a whole, it seems to me that under this administration the Department of Agriculture has not received a fair proportion of that increased expenditure.

Mr. MASSEY: On March 16 the hon. member for Essex East introduced a resolution in this house, the latter part of which I should like to read. I shall not read the preamble, which is a tome in itself, but the latter part states:

> Therefore be it resolved,—that, in the opinion of this house, the government
> (a) should consider the necessity for improved marketing facilities;
> (b) should consider the need for providing adequate storage, drying, government grading and inspection facilities in order that the quality of the corn be improved and its production increased.

That motion was agreed to, and I think it would be of interest to the committee if the minister would state what has since been done in this connection.

Mr. MARTIN: Before the minister replies, perhaps I, as the mover of that resolution, might be given an opportunity to say a word. When the resolution was brought forward, the Minister of Agriculture was not in his place, and it will be remembered that the Minister of Trade and Commerce accepted the resolution in so far as it dealt with the grading, inspection and weighing of corn.

Before the Minister of Agriculture replies, I may say also that the board of grain commissioners have made arrangements pursuant to the observations of the Minister of Trade and Commerce, and will this month, I am advised, visit Canada's outstanding riding, Essex East, which is the greatest county in Canada, to consider and to implement the observations made by the Minister of Trade and Commerce. I thank the hon. member for Greenwood, who represents a city riding and who has not the opportunity that is afforded me and many other hon. members, to represent so many farmers in this country, for making the observations he did make, because it will give the Minister of Agriculture a chance to tell the committee first of all that he had the opportunity of reading my speech, and, second, of telling the committee briefly what his department considers to be the importance to this country of the great corn growing industry of western Ontario.

Mr. GARDINER: One of the few speeches I have read this session was the speech of the hon. member for Essex East in regard to corn. Ever since I came to this house the hon. member has been extremely persistent in placing before the government the requirements of Essex East in relation to corn. We had two different inquiries made in that section before the resolution was moved in the house, and as a result of those inquiries we have improved our methods of assistance in regard to the production of better seed in that area, and the improvement of the seed generally that is being used by farmers in that section of Ontario. In addition, we have adopted a certain policy in connection with the encouragement of the establishment of driers, somewhat on the basis of our policy in connection with cold storage warehouses, which was discussed earlier in the day. As yet no desire has been expressed to have that policy developed in that section, but we hope something along that line may be done during this summer. So far as this department is able to cooperate with the Department of Trade and Commerce in promoting the marketing of corn in those counties, we shall be pleased to do so.

In reply to the hon. member for Peel, I would say that last summer I had the privilege of driving through Essex East, Kent and other sections where vegetable growing is a very important branch of agriculture. I quite agree with him that very few people outside that section of Canada realize the importance of the vegetable growing industry both to that section and to Canada as a whole. I am sure that when we come to item No. 10, which has to do with fruit and vegetables, the hon. member will be desirous of obtaining further information.

Mr. GRAYDON: When the Minister of Agriculture says that after going through the county of Essex and adjacent parts of Ontario, his understanding of the great vegetable growing industry was very largely increased, he greatly encourages me. May I suggest that to conclude his investigation, and as the crowning point in the formation of his opinion, he should drop into the county of Peel some time and look it over. Then he will become convinced beyond all shadow of doubt that the vegetable growing industry really amounts to something in this country.

Mr. SENN: The minister has been very agreeable to-night, and I think the chairman has been quite lenient in allowing such a wide range of discussion. I did want to have something to say about what the minister said

with regard to the cheese producers' association, and I should have liked to ask further questions about the reorganization. The minister gave us a good deal of information about this reorganization, but if he would prefer that I wait and ask the questions on another item, perhaps when the last item of his department comes up, I am perfectly willing to do so.

Mr. ROWE (Dufferin-Simcoe): I do not want to hold up the item for any length of time, but it seems to me the government might give us some intimation as to what steps have been taken towards greater coordination as between the federal and provincial departments of agriculture. I think this might well come under the agricultural economics branch, since in the last half hour we have discussed so many matters that it would seem that almost anything might come under this branch. I believe some time ago in Ontario it was even suggested by the premier of the province that the provincial departments of agriculture, labour and health might be taken over by the government at Ottawa.

Mr. MARTIN: Who made that suggestion?

Mr. ROWE (Dufferin-Simcoe): The premier of Ontario. Whether or not after that time he lost confidence in this government I do not know, so I cannot say whether that is still under consideration by the government at Queen's Park. It at least gives rise to concern as to what might be done by way of coordination of effort. I believe it was the intention of those who drew up the British North America Act that the provinces would have to do with the production and the dominion would have to do with the distribution of agricultural products. It was understood, I believe, that the different provinces would establish the departments for that purpose. One can readily see from the reports given to the house that the dominion department has gone far afield from what was considered the original intent under the British North America Act. In these days almost as much consideration is given to production by the dominion department. I am not suggesting for one moment that consideration of production should be confined entirely to the provinces, but I feel that in order to standardize our grades it is necessary that there should be coordination of the efforts of the provinces. The minister has not given us any indication as to what steps, if any, have been taken, or what consideration has been given to a closer coordination of efforts of the different departments. While travelling expenses have been paid for efficient officers who have travelled far afield to study agricultural economics in other countries, it is my belief that more attention should be given to certain conditions in connection with research which could be carried on in Canada.

According to the minister's report I realize that many matters were considered by this branch. Among other things he has mentioned the utilization of lands in Saskatchewan and Alberta, the consumption of agricultural products in representative cities, a study of the terminal market facilities for fruits and vegetables in the city of Toronto, and an analysis of farm loan experience in Saskatchewan. It would appear that the economics branch deals with the broader interests of Canadian agriculture rather than simply the matter of overseas marketing. I believe the minister would do well to tell us what was done in connection with cooperation with the provinces with respect to local production and distribution, especially in view of the fact that such a high percentage of our market is in Canada.

Mr. GARDINER: This whole matter was discussed under item No. 3, the vote dealing with the advisory committee on agricultural services. That committee is set up, meets at least twice a year and it is discussing these questions continuously. I do not wish to discuss a matter which has been discussed before under the proper item.

Mr. ROWE (Dufferin-Simcoe): The report of last year makes specific reference to the economics branch. Surely the minister would not imply that all these matters are considered under item No. 3 in the estimates where an expenditure of only $5,000 is involved? The matter I have in mind involves an expenditure of $120,000. Surely the item of agricultural economics was not fully discussed under item No. 3?

Mr. GARDINER: The economics branch is concerned only in so far as it may prevent overlapping with economics investigations that are carried on. Those are carried on in cooperation with the provincial governments. It is only on the request and in cooperation with them that these investigations are carried on.

Mr. GRAYDON: I notice in the details at page 55 of the estimates with respect to agricultural economics that there is an increase in staff from twelve to twenty, and an additional salary vote from $55,641.25 to $82,520. Would the minister give some information with respect to the extension of services involved?

Mr. GARDINER: There is a salaries increase of $26,878.75. Then, under the heading of "permanent," there is provision for eight positions authorized for additional activities in connection with the organization of agricultural marketing services; the promotion and upward revision and classification of rates authorized by the civil service commission, amounting to $1,740. Then, there is provision for statutory increases to the extent of $1,425; return of salary deductions amounting to $1,518.75, and the temporary amount required to pay salary for a full year to the personnel taken on during 1937 and 1938, $2,272. Then, for one stenographer, grade 1, authorized September 16, 1937, there is an amount of $720, and the statutory increase for the office boy, amounting to $240. There is the return of salary reductions amounting to $513, giving a total of $3,745.

Then, for four positions abolished there is the amount of $6,120, and the amount required for additional temporary staff is $6,000. In connection with travelling expenses the increase amounts to $10,123, the break-up showing the expenses of the staff of the markets information division organized in 1937 as amounting to $2,000. There is provision for travelling expenses in connection with the study of the demand for Canadian farm products in the United Kingdom, amounting to $2,250, and a further provision for travelling expenses in Canada in connection with following new projects, the analysis of prices and grades of apples, the study and cost of farm living, the survey of credit in Ontario, the Agricultural Outlook, and special investigations, totalling $5,873. The miscellaneous item amounts to $1,015.

Mr. GRAYDON: I thank the minister for that information, although I had not expected he would give it in such detail. As I understand the situation, the increase is largely brought about by virtue of increased marketing service activities.

I believe the Agricultural Situation and Outlook, which is published every year, comes under this vote. In view of the avalanche of criticism one hears in connection with votes of this kind, I think we ought, on the other hand to give credit where credit is due. My own personal experience, and I believe that of a great many farmers, has been that the editions of the Agricultural Situation and Outlook have been most useful in connection with agricultural problems. Most of us who came from farms have seen great numbers of agricultural publications of a useless type come through the mail, and we are pleased to welcome something as practical as the Agricultural Situation and Outlook has proved to be. I do not think we should let this opportunity pass without expressing our appreciation of the efforts made by those who edit this publication to provide a first class service for the farmers of our country. The farmers in my constituency seem to be more than satisfied with the type of service given by this publication. I do not think there is any other publication issued by the department that is more acceptable to practical farmers.

Mr. SENN: I have in my hand the report of the Minister of Agriculture for 1937. In that part of it having to do with the economics branch, it states that the research activities of this branch were continued during the year. One of the chief items of research was the consumption of agricultural products in representative cities throughout the dominion. I do not know just how far that investigation has proceeded, but it seems to me that it brings up a live question in connection with the importation of vegetable oils and its effect upon the consumption of lard and butter in our cities. Have the officials who are conducting this investigation made any report to the department? How far has the investigation been continued? I think this is a matter that affects agriculture not only in Ontario but throughout the dominion. Sooner or later we shall have to make a complete study of the effect that these importations have upon the agricultural life of our country, particularly our live stock industry.

Mr. GARDINER: Investigations have been carried on in Vancouver, Calgary, Oshawa and Quebec, and the reports thereon are now available to any one who desires to get them. There has been no special investigation into the relationship of vegetable oil importations and the consumption of dairy products. It is well known that last year there was an increase in the production of dairy products as well as in the consumption. Whether there would have been a greater consumption had there not been so much vegetable oil coming in, is something I am not at the moment prepared to say. That is a question upon which there has been considerable discussion.

Mr. SENN: That is a vague answer. I believe the minister, like some of the rest of us, has a decided idea as to what effect the use of vegetable oils for shortening and spreading purposes has upon our live stock industry, our dairy industry and our fish industry. Is it contemplated that any such investigation shall be held? It seems to me that is one line along which research could

be made. It would prove of great advantage to agriculture generally. The minister named the four cities in which an investigation has been conducted, and without wanting to say anything against any of these cities I think it will be admitted that Oshawa and Quebec are not our larger centres of population. Toronto, Montreal and Winnipeg are our largest cities, and it seems to me it would have been more to the point to conduct investigations at those points. I do not know who was responsible for choosing these cities, but surely some investigation should be undertaken along the line I have indicated.

Mr. GARDINER: The cities chosen for the first investigation were typical cities. Provision is being made in this item for a survey of the Ottawa market. I think I stated earlier in the evening that provision is also being made in connection with Toronto. The investigations have been completed in the four cities I have named, but the work is continuing from one end of Canada to the other.

Mr. MASSEY: How are the investigations being conducted?

Mr. GARDINER: Under Doctor Booth in cooperation with the provincial authorities.

Mr. MASSEY: What is the procedure?

Mr. GARDINER: A house to house canvass as to consumption.

Mr. LOCKHART: Will there be an extensive study made of the effect of the importation of vegetable oils upon our dairy industry?

Mr. GARDINER: I stated a moment ago that this is not being done.

Mr. LOCKHART: Will it be included in the investigations being made?

Mr. GARDINER: Not under the present study.

Mr. LOCKHART: This is a live question among householders who are beginning to realize that much of their shortening is made of vegetable oil.

Mr. ROWE (Dufferin-Simcoe): I think this is very important because of that one factor.

Mr. GARDINER: It is not proper for us to discuss it; that is the only thing.

Mr. ROWE (Dufferin-Simcoe): Whenever the minister is asked a question which he finds it difficult to answer, he says it should be brought up under another item. I suggest that he has a lot more to answer than that question.

Mr. GARDINER: Since the hon. gentleman has taken that attitude, I should like to tell him that the item under which this should have been discussed has been passed already. We have passed the item dealing with dairy products, and that was the one under which this matter should have been discussed. If it is simply a case of carrying over this item to another day because the hon. member did not avail himself of the opportunity of asking his question under that item, then I should like to say that we shall have to stay closer to the rules in future discussions.

Mr. ROWE (Dufferin-Simcoe): I do not want the minister to assume now that I am taking any particular attitude.

Progress reported.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

Friday, May 13, 1938

The house met at three o'clock.

IMMIGRATION ACT

AMENDMENT OF PROVISION RESPECTING PROHIBITED CLASSES

Mr. A. W. NEILL (Comox-Alberni) moved for leave to introduce Bill No. 112, to amend the Immigration Act.

Some hon. MEMBERS: Explain.

Mr. NEILL: Mr. Speaker, the house seems to have a perfect yen for asking explanations about my humble, unobtrusive bill. If it is not one section asking, it is another section demanding. There have been so many bills reprinted in the last few days, this seems to be a sort of legislative Easter. This bill is the resurrected body of Bill No. 38, which was crucified three days ago by the application of a fifteen-year-old rule for which there did not seem to be very much precedent. It now comes before us clothed with explanations, as with a garment, like some beautiful and ostensibly repentant Magdalen knocking at the doors of society for reentry. I hope it will be received with that kindly interest that society always does accord to people with a lurid past when they are fair to look upon and when their sins are sicklied o'er with the pale cast of repentance.

The bill is exactly the same as the one introduced on March 9; the two are identical, word for word, with the exception that the date is different. On an attached sheet, but

not forming part of the bill, are to be found certain explanations required by law and I shall be pleased to read them if necessary, though that would take some time. I suggest that I might epitomize the explanation by saying that the purport of the bill is to extend and amplify to a small extent a section of the Immigration Act that has been in force for some twenty-five years, which applies the educational test to immigrants. Those who really want to see further into it will find it set out at page 2735 of Hansard of May 10.

I am sure that, relieved of its handicap in the form of a lack of explanation, the bill will now be treated on its merits and have a pleasant, prosperous and speedy passage through the house.

Motion agreed to and bill read the first time.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF TRANSPORT

River St. Lawrence ship channel—contract dredging in the St. Lawrence river and Montreal harbour, and the extension of existing weirs, including cost of administration—capital, $2,933,400.

Mr. PELLETIER: I believe the minister had begun the other evening to give an explanation of the disposal of the St. Lawrence dredging fleet. Before we proceed further perhaps he would like to resume what he was saying on that occasion.

Hon. C. D. HOWE (Minister of Transport): The hon. gentleman was speaking at the close the other evening. He called it eleven o'clock. Perhaps he would like to continue.

Mr. PELLETIER: Shortly before eleven o'clock I had just begun to point out that three of the contentions advanced by the minister were not, in my opinion, quite accurate. In the first place he told us that the government began to give out contracts for the dredging of the St. Lawrence in 1929 because it realized the necessity of hurrying the work in order to provide a thirty-five foot channel. The records show that contracts were given quite a few years before 1929, but what strikes me as most peculiar is the information brought down by the minister in which he states:

> The number of dredges employed by the contractors and by the department on the St. Lawrence work has varied from time to time and it has happened that work has been done by contractors' dredges when departmental dredges were not fully employed. This has been due in part to the urgency of the work.

[Mr. Neill.]

If the work was really so urgent, why were the government dredges doing nothing when contracts were given out to contractors?

The second point which the minister discussed the other day was the Sorel shipyard. He told us that the Sorel shipyards, to use his own words, were maintained simply to repair the government dredging fleet; that that was the yard's main work. I do not think that is quite an accurate picture. It would lead us to believe that the Sorel shipyard was nothing but a repair yard. That is not so. I said the other day, and I repeat it, that the Sorel shipyard was equipped to do a great deal more than mere repair work; it was equipped not only to repair but to build vessels. In proof of that I would point to the number of vessels that were being built in certain years. For example in 1925 two vessels were building; in 1926, eight; in 1927, twelve; in 1928, ten, and so on. So to say that the Sorel shipyard was simply a small affair without much equipment is far from accurate. The Sorel shipyard was equipped not only to build vessels, but even to manufacture the marine boilers required therefor. Furthermore the number of employees at the yard goes to show that it could not have been a small establishment. The minister stated the other day that at times there were between nine hundred and one thousand men employed, so certainly the capacity was much greater than the minister indicated.

But the most important aspect of this deal is the question of valuation. The minister told us the other night that he had asked a private company, the Canadian Appraisal Company, to make a survey of the equipment which was to be sold, and that he based his calculations upon such survey. I believe if we studied the story of the valuation we should find that there is a great deal more to be said than just what the minister told us the other day. For example I have in my hand a part of the return brought down by the minister, showing on page 9 a summary of appraisal values by the Canadian Appraisal Company. I should like to discuss item No. 1, which reads as follows:

> Land, including wharves, railway sidings, paving, fences and drainage, value, $60,000.

I believe that valuation is entirely wrong, and I propose to give figures taken from the department's own records to show what the government paid for the land in the first place, proving positively that the valuation of $60,000 is a ridiculous figure in the face of what it cost the government.

On May 26, 1932, the following purchases were made at Sorel: parcel 442, 4,356 square

feet; parcel 443, 4,356 square feet; parcel 444, 17,424 square feet; parcel 445, 15,130 square feet; a total area at that time of 51,266 square feet were purchased. The purchase price was $18,316.62, which means roughly 35 cents per square foot. I refer not to the buildings or improvements but to the actual land itself, upon which there can be no such thing as depreciation. This deal was made in 1932 at the lowest point of the depression, and one has only to read the speeches of the then leader of the opposition to know what the condition of the country was at that time and how low values were. Therefore that price of 35 cents a square foot was paid by the department at a time when values were at the lowest possible level.

Mr. HOWE: What land is it that the hon. member is referring to? Where is it located?

Mr. PELLETIER: I have given the minister the parcel numbers.

Mr. HOWE: Is it part of the shipyard property?

Mr. PELLETIER: Yes, I believe it is now.

Mr. HOWE: The hon. member does not know whether it is or not.

Mr. PELLETIER: It is land that is now part of the shipyard property, commercial land used for that kind of purpose in the town of Sorel. Since the shipyard property is in a much more valuable location, I imagine it would be more valuable than other property.

Mr. HOWE: Downtown property in the town of Sorel?

Mr. PELLETIER: The situation at Sorel is this. The Richelieu river runs into the St. Lawrence there, and the best possible industrial locations would be immediately at the junction of the two rivers. That means that there is water frontage on two sides, an ideal condition for property for that purpose. In any event these are prices paid by the department for land there, and I take these parcels as examples because they were purchased in 1932 at a time when values were known to be low.

Mr. HOWE: My hon. friend stated that this land was purchased by the government and later sold, and he has just told us something which would indicate that nothing of the kind took place. Suppose he apologize to the committee for giving false information.

Mr. PELLETIER: I do not believe I have given false information. What I am trying to do is to establish the value.

Mr. HOWE: Did the hon. member say, or did he not, that the land was purchased and then sold?

Mr. PELLETIER: Let me put it this way. I am establishing the value of land around that point.

Mr. HOWE: Let us have this straight. The hon. member either can or cannot tell the truth, and we want to know.

Some hon. MEMBERS: Order.

Mr. HOWE: Is this land that was bought and later sold, or not?

Mr. PELLETIER: If the minister is incensed now he had better reserve his comments until later, because this is just the beginning. What I am trying to do is to establish the value of land in that particular location, and I am taking the year 1932 when this deal was made in order to have the lowest possible valuation that can be made.

Mr. HOWE: Is this land in the town of Sorel?

Mr. PELLETIER: I have given the locations.

Mr. HOWE: It is part of the town of Sorel?

Mr. PELLETIER: I believe that parcels 442, 443, 444 and 445 are either in St. Joseph de Sorel or in Sorel.

Mr. HOWE: Which town is the shipyard in?

Mr. PELLETIER: It is in St. Joseph de Sorel.

Mr. HOWE: And not the town of Sorel?

Mr. PELLETIER: It is across the Richelieu river from the city of Sorel.

Mr. HOWE: But not in the town of Sorel; in other words it is in the parish of St. Joseph?

Mr. PELLETIER: Possibly so; it is across the river.

Mr. HOWE: So the hon. member quoted a number of assessments on property in the town of Sorel the other day just for window dressing, is that it? They had nothing to do with the shipyard, because the shipyard is not in the town of Sorel. Is that the idea?

Mr. PELLETIER: How can the minister get away from this explanation? This is the value of industrial land in that part of the country. If he figures that the government paid too much at 35 cents a square foot I am willing to take a much lower figure, and I can still show the minister a great discrepancy between the $60,000 the Canadian Appraisal Company said it was worth and the true value. So, continuing with these figures, we find that the land eventually sold was not a matter of simply a few hundred thousand

square feet. I believe the actual acreage was 34·93, that is to say 1,521,550 square feet. That is the land that was sold, according to a return made by the minister himself. If we figure out the value of 1,521,550 square feet, at the price paid for it by the government when values were at their very lowest, we see that this gives us an amount of $543,042.50.

Mr. DUNNING: My hon. friend again says, if we figure it out at what the government paid for it, suggesting that what he is referring to is the land which was sold. He is either talking about the land which was sold or he is not. Again he is creating the impression that the figures he gives as to value apply to the land now under discussion, whereas a few moments ago he admitted that it is not the land at all, that he is using these figures for purposes of illustration.

Mr. PELLETIER: I could very well use the figures for the shipyard itself, because that information was brought down in this house. The trouble with that is with regard to one figure; something over twenty-four acres are shown without any value at all. They appear as a gift from some other department, so it is impossible to establish the true cost to the government. Furthermore, how else can we ascertain the value if we do not take into consideration the value of properties adjacent to the property we wish to sell? You must have some basis of valuation, and here I am taking land which the government itself purchased at 35 cents per square foot. If that figure is too high I can put it at 25 cents and still show a discrepancy.

In passing I should like to point out that this $60,000 was not the actual amount realized by the Canadian government from the sale of this property. In reality the amount realized was only 80 per cent of that figure, so actually this land brought a return of some $48,000, when it was worth at least $500,000.

Let me go further with these values. We could group together several items. Let us take items 1 and 2, which are valued in the report of the appraisal company at $60,000 and $129,789 respectively, making a total of $189,789. Item No. 1 covers wharves, railway sidings, paving, fences and drainage, while No. 2 covers other properties. As was mentioned the other day, the assessment roll of the city of Sorel values the government property at more than a million dollars. The minister may claim that the shipyard is located in St. Joseph de Sorel and that some of it remains unsold and is still in the possession of the government. I am prepared to take the minister's explanation in that regard, and it is possible that the valuation covers more property than was sold. Nevertheless I believe I have shown that the valuation of that particular land is not at all fair, and that it has resulted in quite a serious loss to the Canadian government.

We might go further and take up the question of the equipment itself. The instructions from the minister to the appraisal company were that a fair valuation was to be placed upon this equipment. Let us turn to item No. 10, which includes the dredging fleet at Sorel and Quebec. The valuation shown by the Canadian Appraisal Company is $1,534,750, and of that amount eighty per cent was received as the sale price, that is to say $1,227,800. Now let us compare that price with the cost to this government of some of that equipment. It may be all right to tell us that this equipment was absolutely obsolete, but I am not going to deal with any obsolete equipment. I am going to mention two pieces of that equipment which together cost the Canadian government more than was realized from the sale of all this equipment to this private firm. We have dredge No. 16, built in 1923, and dredge No. 17, built in 1931. These two dredges alone cost more than the total amount realized by the government from the sale of all the equipment. Dredge No. 16 cost $837,200 and dredge No. 17 cost $444,535, or a total cost to the Canadian government of $1,281,735.

Mr. BOTHWELL: Is the hon. member able to give to the committee the proper depreciation from year to year on equipment of that kind?

Mr. PELLETIER: Well, Mr. Chairman, even if these two dredges depreciated to such an extent that they vanished, still there would be the rest of the equipment to take into consideration. Perhaps it is necessary to read the list of equipment and show the cost prices. Here we have dredge No. 3, at south channel; value for scrap, $7,500. Then there is dredge No. 4, also valued at $7,500, which originally cost the government $94,564. This was an old dredge, and it may be that this value is approximately correct. Dredge No. 5, built in 1927, was valued at $70,000 and cost the Canadian government $388,952. Dredge No. 8, built in 1907, cost the government $450,435 and was valued at $150,000. It is worthy of note that this dredge was rebuilt in 1928 and changed to a bucket dredge, so that the original cost would have to be increased to

the extent of about $150,000. Then there were dredges Nos. 12, 13, 14, 15, 16 and 17, and No. 18 which is not yet finished. There was also Churchill No. 1, built in 1928. There were also several tugs; in fact in all, apart from the two pieces I have mentioned as costing the Canadian government more than the total amount realized for the equipment, we find that there were included fifty-nine other pieces of floating equipment which so far have not been mentioned.

When we find that these two dredges alone cost that amount of money, what are we to say? Has the depreciation on this equipment been so heavy that they might be said to have vanished into thin air? When it comes to the matter of depreciation I should like to relate the story of one particular dredge, which will indicate that this equipment was still capable of doing work for some considerable time. It must not be thought that a dredge which cost the taxpayers of this country some $444,000 in 1931 would become scrap in 1937. I do not believe that that is possible, no matter how much work it has done. If, then, these figures are not satisfactory to the minister and do not indicate to him that the appraisal of the Canadian Appraisal Company was certainly not in accordance with the valuation placed upon the property, let me return to the auditor general's report.

The other day the Minister of Finance mentioned that the auditor general always gave us accurate figures. I believe he does, when he gets them. But there are times when he does not get them, and that is what I meant the other day. The Minister of Transport has not yet given us a satisfactory explanation as to why no inventory was made prior to 1936. It is true that the minister has not always had this particular branch under his administration; I know, for example, that this matter was given to the minister only within the last few years. He could not possibly have known what had been going on in the past, and the remarks I have just addressed to him to-day are remarks which really should be for those who administered this department before he became its head. However, he must now be in a position to provide us with a satisfactory answer.

I did mention the auditor general's report; apparently it is found that there might have been some misunderstanding about it, so I have brought with me to-day the auditor general's instructions concerning values. It was maintained that these were original values, without any depreciation having been placed upon them. That is not so. I say that simply because the first inventory was made in 1936; it appears in the report of the auditor general for the first time in that year. Four months later the dredging fleet was sold. There could not have been any change in those four months; at least there could not have been depreciation to warrant anything like the depreciation claimed. What are the instructions of the auditor general? Let us go over them:

> In either case the inventory should be prepared to show the total value of such property on hand.

Then he tells us how to arrive at that value. Then, in regard to values—

> I wish to point out that as the principle of depreciation is not being observed—

Mark this,

> —under the policy of the government respecting the value of public property in general, it is not intended that depreciation should be considered. It is suggested therefore that property values once established—

And this is my point—property values "once established" for the first time; and they were established in the report of the auditor general under date of December 31, 1936. In this particular case they had not been established before, because no inventory was ever supplied to the auditor general. Therefore the values once established were the values established on December 31, 1936, as instructed by the auditor general. He says:

> —either on a cost or an estimated basis, should be maintained unchanged in your records from year to year until such property is finally disposed of—

In this particular case the property was disposed of only four months after the valuation took place. So that it cannot be said the minister—

Mr. BOTHWELL: May I ask a question, for information? Did I understand the hon. member to say, when reading the auditor general's instructions, that he told them not to take into account any depreciation, but that they should value at cost, or on some similar basis?

Mr. PELLETIER: Yes. I will read it again.

Mr. BOTHWELL: And the values then fixed were fixed upon that basis?

Mr. PELLETIER: Yes. The position is this: These values were fixed for the first time on December 31, 1936.

Mr. BOTHWELL: And that concerns part of the equipment which was built in 1907. Depreciation was not supposed to be considered; is that so?

Mr. DUNNING: The hon. member has been quoting from a letter containing instructions from the auditor general. It is difficult to get clearly the contents of the letter because the hon. member interpolates his own observations. Would he facilitate proceedings in committee by reading the letter, without comment, so that it may appear on Hansard in that form?

Mr. PELLETIER: I will table it.

Mr. HOWE: Read it first.

Mr. PELLETIER: Here is part of it—

Mr. HOWE: Read it all.

Mr. PELLETIER: All right.

The instructions from the auditor general with regard to the compilation of these inventories read as follows:

"This inventory should include stationery supplies, travelling accessories such as trunks, bags, cases, etc., and motor vehicles. The actual or approximate cost—"

Mr. HOWE: "Cost."

Mr. PELLETIER:

"—of each individual item of stores and equipment on hand should be given, but where such information cannot readily be obtained then the estimated value should be indicated. In either case the inventory should be prepared to show the total value of such property on hand.

In regard to values, I wish to point out that as the principle of depreciation is not being observed under the policy of the government respecting the value of public property in general, it is not intended that depreciation should be considered. It is suggested therefore that property values once established, either on a cost or an estimated basis, should be maintained unchanged in your records from year to year until such property is finally disposed of, subject of course to any modifications required by additions or betterments."

This is the part of the letter which contained the instructions from the auditor general. If the minister wishes to have it—

Mr. HOWE: Read it all, then table it.

Mr. PELLETIER: I will do so.

The statement published by the auditor general indicates an increase of $9,436,608.85 in the value of stores and equipment of the Department of Transport at December 31st, 1936, as compared with December 31st, 1935. This leaves an opening for misinterpretation.

Mr. DUNNING: Who says that?

Mr. PELLETIER: It is signed by V. I. Smart, Deputy Minister of Transport.

No inventory of plant and equipment had been made and reported to the auditor general in respect of the St. Lawrence Ship channel, the Sorel shipyard, and the floating equipment attached to the Quebec agency prior to 1936. The inventories at December 31st, 1936, in these respects were as follows:

St. Lawrence ship channel, $7,872,007.01.

And so on. So that that indicates—

Mr. HOWE: Read it all; do not skip anything,—because the hon. member draws very strange conclusions.

Mr. PELLETIER: All right.

St. Lawrence ship channel	$ 7,872,007 01
Sorel shipyard	310,225 23
Quebec agency	2,776,141 41
Total	$10,958,373 65

so that the indicated increase in 1936 over 1935 was more than offset during that year because of the inclusion for the first time in the auditor general's statements of inventories of units that had not been previously reported although the units had been in existence for many years.

Mr. DUNNING: Exactly.

Mr. PELLETIER: It continues:

The detailed inventories represented on the statement herewith are on file in the records of the stores and equipment branch of the department in the Hunter building. They are voluminous and as we have only the one copy a tremendous amount of work would be involved in having copies made to forward to you. Perhaps you could arrange to see these inventories at our offices in the Hunter building in charge of Mr. C. H. Edgett, general purchasing agent.

Yours faithfully,
V. I. Smart,
Deputy Minister.

Mr. HOWE: But you did not go to see them, did you?

Mr. PELLETIER: I did not need to. I had the totals, and that was sufficient.

Mr. HOWE: You preferred to draw your own conclusions without going to get the facts.

Mr. PELLETIER: I am not drawing my own conclusions. These are figures given to me by the department itself. I do not know what the minister means. Does he mean to say that I cannot accept the figures given to me by his own deputy minister? I cannot understand him.

Mr. HOWE: I mean if my hon. friend wants to put interpretations upon them, he had better get the facts. These statements are so weird that I prefer to reserve comment until the hon. member finishes. Let him get through, but do not take it seriously.

Mr. PELLETIER: The position I am establishing is that no inventory was made prior to 1936, and yet the minister accepts it. This comes from his own department, and what is the meaning of it?

Mr. DUNNING: Well, what is the meaning of it?

Mr. HOWE: You tell us.

Mr. PELLETIER: I am wondering what the meaning of it is. I have an idea what it is.

Mr. HOWE: Tell us what it is.

Mr. DUNNING: What is the idea of it? What is your idea?

Mr. PELLETIER: On top of the valuations of property around that vicinity, and on top of figures which I quoted as government purchases in that part of the vicinity, and on top of the auditor general's report—those are the three items by which I measured—the appraisal of the Canadian Appraisal Company was certainly not in accordance with the facts as given to me by the department.

Mr. ST-PÈRE: Who made the valuation for you?

Mr. PELLETIER: The Canadian Appraisal Company.

Mr. ST-PÈRE: For you?

Mr. PELLETIER: For me? The Minister of Transport. Let me add something more in connection with the auditor general. He states:

I am dependent on the departments for the accuracy and completeness of the inventories transmitted to me but, as a result of continued correspondence and of my comments to the departments resulting from special examinations of their systems of control, etc., the inventories of stores and equipment are more complete year after year. To illustrate, the following comparisons are cited; they are taken from the inventories of the marine division.

	1935	1936
Quebec	$382,868	$3,146,406
Montreal (Sorel buoy depot)	392,057	687,635
Sorel ship channel	....	7,872,007
Sorel (government shipyard)	186,805	459,382

I am asking the minister to explain how it is that such a report can be tabled. If the information was not given to us previously, as it should have been, there is only one thing that can be said, and that is that this parliament is not being supplied with an accurate picture of a certain situation. The valuation of the Sorel shipyards is shown as $186,805 in 1935 and in 1936 as $459,382. In a period of one year, instead of having a depreciation, we find a great increase in valuation. Possibly I am not aware of the reason for this, but it must be known to others. Taking the figures supplied by the auditor general and those shown in the auditor general's report, taking into consideration the method of valuation recommended by the auditor general we find we have this picture:

Quebec agency	$ 2,776,141 41
Montreal ship channel	7,872,007 01
Sorel shipyard	459,382 56
Total valuation as at December 31, 1936	$11,107,530 98

It was at that time that an inventory was taken for the first time following instructions received from the auditor general.

Mr. DUNNING: Without any depreciation on any of them.

Mr. PELLETIER: That is not what the auditor general says in his letter. When were the values established? They were established on December 31, 1936, and not before. The shipyards were sold four months after.

Mr. BOTHWELL: I should like to know if the figure the hon. gentleman quotes represents the cost price of all this equipment.

Mr. PELLETIER: If I were to give the total cost price my hon. friend would be at a loss.

Mr. HOWE: Let us get this right. I tabled the cost price of everything at Sorel. The hon. member has received that return and he should read it item by item.

Mr. PELLETIER: I did it once before.

Mr. HOWE: Read it slowly. I want to have this on Hansard.

Mr. PELLETIER: The minister supplied me with the information and I am not worrying about putting it on Hansard again. It is as follows:

Dredge No. 4, $94,564.

Mr. HOWE: When was that built?

Mr. PELLETIER: In 1900.

Mr. BOTHWELL: The hon. member should read all the figures so we may know where we are.

Mr. HOWE: If the hon. member is reading a document, he should read it all.

The CHAIRMAN: The point raised by the hon. member for Swift Current (Mr. Bothwell) is well taken. When an hon. member reads from a document he should read it all.

Mr. PELLETIER: With pleasure. The figures are:

Dredge No. 4, built in 1900, cost $94,564.
Dredge No. 5, built in 1927, cost $388,952.
Dredge No. 8, built in 1907, changed to bucket dredge in 1928, cost $450,435.
Dredge No. 12, built in 1912, cost $285,963.
Dredge No. 13, built in 1912, cost $267,832.
Dredge No. 14, built in 1914, cost $287,500.

Dredge No. 15, built in 1914, cost $287,500.
Dredge No. 16, built in 1923, cost $837,200.
Dredge No. 17, built in 1931, cost $444,535.
Dredge No. 18, still unfinished.
Dredge Churchill No. 1, built in 1928, cost $363,245.

Those are the costs of the dredges alone. I have only a few other items such as hopper barges. Hopper barge No. 5 cost $226,428. I have not the costs of all the items. I did not ask for it as I thought it would take too much time to supply. There were the following tugs:

Deschaillons; Becancour; Lake St. Pierre; Varennes; Contrecoeur; Iberville.

Then there are the following:

Coal barge No. 6; hopper barge No. 1; hopper barge No. 3; hopper barge No. 4; hopper barge No. 5; rock breaker No. 1; steel sand dumping scow No. 22; steel dumping scow No. 23; steel dumping scow No. 24; steel dumping scow No. 25; steel dumping scow No. 26; steel dumping scow No. 27; steel dumping scow No. 28; steel dumping scow No. 29; steel dumping scow No. 30; steel dumping scow No. 31; steel dumping scow No. 32; steel sand dumping scow No. 33; wood dumping scow No. 34; wood dumping scow No. 35; steel dumping scow No. 36; steel dumping scow No. 37; steel dumping scow No. 38; steel dumping scow No. 39; steel dumping scow No. 40; steel dumping scow No. 41; winch scow No. 1; 11-barrel floats; 3 small wood flat scows; fire scow No. 1; fire scow No. 2.

It is not for me to say how much this cost the Canadian taxpayers, because I have not the information before me. I did get the cost of the dredges, which represented the most important part of the equipment on the St. Lawrence river. I have shown that two of the dredges could not be considered as old. The life of a dredge is not the same as the life of an automobile; it is much longer. I have shown definitely that two of these dredges alone cost the Canadian government more than what all the rest of the equipment put together was sold for. One dredge was built in 1931 and the other in 1933. The minister has told us that part of the time the equipment at Sorel shipyards was lying idle, so it cannot be said that these dredges were worn out. There may be some allowance for upkeep, but the minister has said that these dredges were idle and the work was given to private contractors. These are some of the general matters.

Since we are discussing dredging I think it might be well for me to go back into the past, because this subject has, I believe, never been brought before the house in this manner before. Governments change, and apparently the thing was not considered to be of sufficient importance, but when it concerns millions of dollars of the taxpayers' money I think it is deserving of our consideration. The particular case I am going to mention occurred in the past and the present minister may not be acquainted with the details, but I know he is in a position to obtain the information.

It is a principle that unless otherwise authorized to do so by order in council, the Department of Public Works cannot let any contract for work without calling for tenders. I find at page 240 of volume I of the auditor general's report for 1929 that a contract was awarded without tender to the Richelieu Engineering Company, contrary to clause 36 of the Public Works Act. An explanation was asked for by the auditor general, and this is the reply he received. The minister has been negotiating since 1927, and furthermore the minister stated that it was in the public interest that this tug boat, or whatever it was, should be built.

Mr. DUNNING: Mr. Chairman, my hon. friend persists in paraphrasing what he purports to quote from the auditor general's report. I submit, sir, that if a communication from the auditor general is quoted, it ought to be quoted and not paraphrased by anybody.

The CHAIRMAN: The point of order taken by the Minister of Finance I think is well taken.

Mr. PELLETIER: I would simply draw the minister's attention to this point, that I gave him the page and volume number of the auditor general's report—page 240, volume I, 1929. It is a public record, filed in this House of Commons. I have stated just where the quotation is. What more can I do?

Mr. DUNNING: The hon. member can then proceed to quote it correctly.

Mr. PELLETIER: I am doing it.

Mr. DUNNING: If the hon. member quotes it, he must quote it.

Mr. PELLETIER: All these matters are of public record, and the minister can read it for himself. But the conclusion I am drawing is this, that no tenders were called for, and the reason given was that it was adjudged to be a matter of public expediency. Yet we find that negotiations had been going on since 1927 for the building of such a boat, and then finally it was said that the matter had become so urgent that it was necessary to build the boat without calling for tenders.

To go back again into the days gone by—this concerns the money of the taxpayers of this

country—let us look at some of the contracts which have been made in the past. The minister stated the other day that the principle of giving contracts was started in 1929. I do not believe that that is an accurate statement of the case, because contracts were given long before 1929.

Take contract No. 15423, which was awarded to Les Chantiers Manseau of Sorel, Quebec. This company later became the Marine Industries Limited, with yards at Sorel, and their equipment there. The date the contract was awarded was May 5, 1927. The work was done from April 19 to August 5 of that year. The amount removed was 347,524 cubic yards, class B, at 26 cents. What is noteworthy is that the work on this particular project began eighteen days before the contract was ever signed.

Then take contract No. 15493.

Mr. DUNNING: Mr. Chairman, on a point of order, while I do not desire to interrupt my hon. friend, I think I am right in stating that he has now spoken considerably more than forty minutes. No one has desired to interrupt because it was thought he wished to complete his statement with respect to the particular matter he was criticizing, which was the disposal of certain equipment. Would it not facilitate the proceedings if he were to confine his remarks to that point? He will have the right to speak again, but if he wishes to proceed now at any length unanimous consent will be necessary. I have no objection to the hon. member proceeding, but I raise the point just that we may keep in order.

Mr. PELLETIER: I have been interrupted by the minister. He has just sat down, and had quite a number of words to say.

Mr. McLEAN (Melfort): You do not get another forty minutes now because of that.

Mr. PELLETIER: I was interrupted two or three times, and I sat down.

The CHAIRMAN: The rule as to the forty-minute limit is the same in committee as when the Speaker is in the chair, and unless an hon. member has the unanimous consent of the house he must take his seat when his forty minutes have expired.

Mr. PELLETIER: I think, Mr. Chairman, you ought to take into consideration the fact that the Minister of Transport interrupted and made a statement during my forty minutes.

The CHAIRMAN: The hon. member's time has expired, and I must ask him to resume his seat.

Mr. STEWART: Does not the interruption of the Minister of Finance—

Mr. DUNNING: Interruptions do not affect the rule.

Mr. STEWART: On several occasions it was more than a mere interruption, and two or three have spoken during the hon. member's time. I submit that according to a strict interpretation of the rule the member who is speaking has had a chance to come to his feet again, and he is on his feet again after a speech by the Minister of Finance, and therefore is due for forty minutes more.

Mr. DUNNING: On that point of order, Mr. Chairman, whether an interruption entitles the member who has the floor to another forty minutes from the time of the interruption, I would submit as one who has suffered from interruptions quite a good deal and never been allowed for them in that manner—although I have had to acknowledge the courtesy and consideration of the house in granting me more than my original forty minutes—that we would be establishing a new rule if we said that interruptions such as have just taken place entitle a speaker to an additional forty minutes. I have no objection as a member to allowing my hon. friend to finish his speech. I merely rose to call attention to the fact that he had already exceeded by more than five minutes his forty minutes, and I think five minutes would probably be sufficient to allow for the interruptions. But we should be establishing, I believe, a new rule, Mr. Chairman, if we said that interruptions, or points of order raised, automatically give the member who has the floor an additional forty minutes from the time of the interruption.

Mr. STEWART: I admit that, but I would consider the minister's statement a little more than an interruption.

Mr. HOWE: On the point of order, Mr. Chairman, if the hon. member wishes the indulgence of the committee, I am entirely in favour of giving him more time if he is going to speak to the item. At the moment we are discussing an item of the Department of Transport, which previously was the Department of Marine, with reference to St. Lawrence dredging and the Sorel shipyard. When my hon. friend was interrupted last he was talking about dredging under the Public Works department, which has nothing to do with this item at all.

Mr. JOHNSTON (Bow River): That is drawing it too fine, because since I have been here nearly every member has violated almost every rule of the house.

Mr. HOWE: If there are rules, we should respect them, and there is a rule confining a member to forty minutes. But if the hon. member wishes to discuss this particular item, I shall be delighted to ask for unanimous consent to permit him to continue for a reasonable time.

Mr. COLDWELL: There are occasions upon which the enforcement of rules is dangerous to all concerned, and I think in this particular instance, because of the interpretation that might be placed upon any curtailment of the discussion at the present time, we would be well advised and it would be in the interests of the house generally to let the hon. member proceed. I know nothing of the matter under discussion. I am listening with an entirely open mind and hearing it for the first time, and I think in the interests of all concerned it would be well to allow the hon. member to continue.

Mr. HOWE: Just to relieve the committee I may say that when the hon. member gets through with the question he is discussing I shall be able to reply to him, item by item, with documentary evidence. So if any hon. member feels that anyone may be left besmirched by cutting the hon. member off, he can dismiss that from his mind at once. Let the hon. member proceed.

Mr. COLDWELL: That was the point I had in mind. I think it would be well to let him go on.

Mr. DUNNING: If the hon. member has the indulgence of the committee to speak for more than forty minutes, should he not at least respect the other rule and confine himself to the item before the committee? He should not, if he is given the indulgence of the committee on a particular point, undertake a roving commission over everything; because obviously the minister cannot answer with respect to matters extraneous to his department.

The CHAIRMAN: In order to clarify the whole situation, I would point out to the hon. member that while, with the consent of the committee, he may continue, he must confine his remarks to the item under discussion.

Mr. PELLETIER: The item under discussion represents almost $3,000,000, which sum will be paid to a private company to dredge the St. Lawrence, and the dredging becomes necessary because equipment owned by the government has been disposed of. This was formerly under the Public Works department, and has now been taken over by the Department of Transport.

[Mr. C. E. Johnston.]

Mr. HOWE: It was never under the Department of Public Works; it was under the Department of Marine.

Mr. PELLETIER: The minister is drawing fine distinctions. At any rate it was under a different minister. It is necessary when we review the situation to go back some time in the past. What I am emphasizing is this. I regret that the impression should prevail among the public that because a utility is publicly owned it is necessarily badly administered. Private enterprise on all sides points to examples of public administration which it is said have not been successful, and that is used as an argument against public ownership of various utilities. If in our public administration there are departments that are not administered as efficiently as they should be, that makes it possible for private interests to argue against public ownership. They say, "When that happens under government administration, what is to be expected"?

The point I wish to bring out is that work on various contracts was begun days, and in some instances weeks, before the contract was signed. Does that mean that any individual company can plant its equipment in the St. Lawrence and start dredging and then come to the government and get a contract? I do not understand how it is that any contractor can begin work before his contract is signed. Possibly there is a logical explanation, and, as the minister has said, he will be in a position shortly to explain to the committee how things of this sort come about.

We have been talking about values, and in my opinion that is relevant to the item before the committee. The minister made it clear to me that he wanted a complete statement with regard to values and therefore he must be interested in the subject from that point of view. Why not tell the story of the famous dredge Marine and Fisheries No. 10, which is now known as Manseau 101, or of Marine and Fisheries No. 11, which is now known as Manseau 103? Both were built a long time ago. They were owned by the government and then sold after a certain period.

Mr. DUNNING: How long ago?

Mr. PELLETIER: I do not know exactly. At any rate they were disposed of to a private individual in Montreal. They became the property of Manseau Shipyards Limited, and to-day one of these dredges is doing contract work.

On the order paper there appears a question of mine with regard to painting and repairs to

the buildings at the Sorel shipyards. The question is No. 7 on to-day's order paper and part 2 reads:

How much money was spent for painting and repair to the buildings at the Sorel shipyards for the five months preceding July 22nd, 1937?

That was the date on which the Sorel shipyards were sold. I have not received the answer. The question was first asked on May 4, and it is now May 13. Possibly the minister has not yet had time to secure the information.

Mr. HOWE: The information has just come to hand and I shall be glad to give the answers orally. The first question is:

Did the government sell coal barge No. 6 to the General Dredging Company last year?

The answer is, yes.

If so, (a) has the government used or rented coal barge No. 6 from the General Dredging Company since it was sold to them?

The answer is, yes.

(b) how much rent has the government paid each day?

The answer is that the contract was for $265 per day for a period not exceeding ten days.

(c) for what purpose was it used?

For the purpose of assisting in the spring rush of laying buoys at the Montreal agency.

2. How much money was spent for painting and repair to the buildings at the Sorel shipyards for the five months preceding July 22, 1937?

The answer is $2,058.96.

Mr. PELLETIER: I am glad to get the information. I realize that the minister did not have very much time in which to get it. If I understand rightly, the barge was rented for a period of ten days at $265 per day. Is that correct?

Mr. HOWE: Yes.

Mr. PELLETIER: When the shoe is on the other foot what happens? When the government rented to a private contractor certain equipment at least comparable to this they rented it at $100 a month. Rock crusher No 1 was taken from the Sorel shipyards in 1931 and has been rented at $100 a month. It is now the property of the company who rented it, they having bought it for $15,000. But when the government want to rent equipment from a private concern they have to pay $265 a day. If they paid only half or only a quarter of that sum, compare the rent paid by the government with the rent paid by a private concern to the government. As I say, the government for a whole month received $100 for a rock crusher which is now in the yards at Sorel.

Mr. DUNNING: Would the hon. gentleman expect to rent an automobile at the same rate as a bicycle?

Mr. PELLETIER: If the Minister of Finance would visit the shipyards at Sorel he would see the sort of work the rock breaker does. It is used for breaking rock at the bottom of the channel, and is considerably larger than any automobile. An automobile would cost to rent $50 a month. He knows that this sort of discrimination cannot be defended.

The figures I have used to-day in connection with this item were supplied by various government departments. I realize my limitations. I know my capacities, and it is not possible for me to delve into this matter as deeply as someone with better qualifications might. I do not think it is an easy task for one person without proper information to get at all the facts. I rely upon the Minister of Transport and I know that he will be able to explain to us why no inventory was taken before December 31, 1936. I hope he will explain that and other matters that I have brought to his attention. I could have read more of the contracts and shown the discrepancy between the date the contract was awarded and the date the work began, but I leave that off the record. My purpose is this: I believe that certain functions performed by a government should be performed as efficiently as they could be performed by any private enterprise. I believe if this kind of government administration is permitted—loose accounting, for example, or careless accounting—it gives ground for private industry to say: "See what happens when a thing is owned by the government. This is what you get under public ownership when governments are administering anything." I believe that if the facts are told it would be possible for any department of the government to administer any business in this country properly, and do it as efficiently as private enterprise ever can. I pause, because I believe that my time has expired once more: I shall probably resume later.

Mr. BAKER: It is difficult to grasp the idea that the hon. member is trying to convey, but in summary is it this: that the government has been selling machinery to private companies at ten to twenty cents on the dollar, and then giving them large contracts in which they use this very machinery and

get large sums of money out of the government? If that is so, of course there is something for the government to answer.

Mr. PELLETIER: I am not a lawyer, but if I were I would say that that is a very leading question. I do not know what interpretation the government can place upon it; I have simply attempted to put on record the facts.

Mr. BAKER: I am not defending the government; I say if that is the purpose of it they should answer.

Mr. PELLETIER: I agree that possibly the government will answer, and I should like the hon. member to join with me in insisting that it should be done. The minister no doubt has a few remarks to make, and perhaps he would care to make them now.

Mr. HOWE: I have listened for the last hour and a half or thereabouts to some very serious accusations. If any part of them were true, I would have no option but to resign from the government and place my seat at the disposal of my electors. Fortunately none of them are true in any particular, therefore I shall stay here.

Now I should be feeling very serious resentment, for as I stated clearly in the committee, I personally attended to every detail of the negotiations for the sale of this equipment. Therefore the accusation is against my personal honesty, and I should feel very bitter against the hon. member. But as a matter of fact I cannot bring myself to feel so at all.

An hon. MEMBER: You should sympathize with him.

Mr. HOWE: I realize that the hon. member is very young and very gullible. Months ago we heard rumours that a great scandal was to break in the house about the sale of this Sorel shipyard, something that would shake the government. Then an obscure journal published in Quebec began to say that it was expected that the hon. member for Peace River (Mr. Pelletier) would make the presentation. We then had the hon. member visiting Sorel. He was taken to the assessor's office, not of the village of St. Joseph de Sorel but of the town of Sorel. He was furnished with a list of assessments in the town of Sorel, which he solemnly read to us here a while ago, I presume to lead the committee to the conclusion that these were assessments of shipyard property.

An hon. MEMBER: Who took him to Sorel?

[Mr. Baker.]

Mr. HOWE: We all know who took him to Sorel.

Mr. PELLETIER: Tell us.

Mr. HOWE: I simply want to explain why I feel no great bitterness in the matter. The men who had been advertising this situation in advance needed not only someone young and very gullible, but someone completely addled as to financial affairs, because without that it would have been impossible to show to any hon. member the documents he was shown, and expect that hon. member to accept them seriously. This is all the more the situation since my own department has answered clearly and fully every question that he asked, and the hon. member has in his possession absolutely correct statements of everything that he has given in a garbled and distorted manner to this committee.

Let us start at the beginning. Let us take his statement about assessments of property at Sorel. He tried, I think, in his speech a week ago to lead the committee to the conclusion that the land comprising the Sorel shipyard was worth a million dollars, and was carried on assessment rolls of the town of Sorel at that price. Of course at that time he did not explain to the committee, as he has admitted to-day, that the shipyard is not in the town of Sorel but in the parish of St. Joseph de Sorel.

Mr. PELLETIER: It was eleven o'clock, and the chairman stopped me.

Mr. HOWE: Well, eleven o'clock came very conveniently. This is the list of properties he read, in the town of Sorel, totalling $1,046,000 on the assessment roll:

Elevator and Weaver coal wharf	$ 650,000
Cournoyer's old store	2,000
Morgan wharf	7,500
Beaudet wharf	9,000
Leveille wharf	5,400
Alfred Lavallee's property	15,000
McCarthy wharf	16,800
Lanctot basin	100,000
New wharf, Department of Public Works	200,000
Buoys wharf	15,000
Office of Transport department	25,000
Lot at end of Ramesay street	300
	$1,046,000

I think my hon. friend will now admit that not one square inch of the property in the list I have just read and of which he quoted the assessments has anything to do with the Sorel shipyard in any way, shape or form.

Mr. PELLETIER: How does the minister arrive at the value of the industrial property we are talking about?

Mr. HOWE: I simply took it off the assessment roll of the town of Sorel, the figures you went there to get.

Mr. PELLETIER: The minister did not mention the industrial property in question.

Mr. HOWE: I am coming to that. When my hon. friend was visiting assessment offices he could just as well have gone to the municipality of St. Joseph de Sorel and got the assessed values of the property he was talking about. I do not know whether he went there or not, but I am assuming he did not, because I cannot conceive of his going and getting the information without presenting it to the committee. I have here a statement signed by the city clerk of St. Joseph de Sorel, and stamped with the seal of the village. The document is in French but I shall read what I believe to be an accurate English translation:

I, the undersigned, Gerard Cournoyer, secretary-treasurer of the village of St. Joseph, do declare under my oath of office:

1. That the federal government appears on the roll as the owner of pieces of land covering an area of 3,940,000 square feet which pieces of land are appraised at the sum of $500,000.

2. That no separate municipal appraisal is recorded in the books of the corporation for that part of the lands which was formerly occupied by the government shipyard;

3. That since the sale of the government shipyard an appraisal has been made of the lands and buildings sold in the sum of $150,000. This valuation has been made by the three appraisers of our municipality, appointed by the municipal council and sworn in by the secretary-treasurer.

4. That the pieces of land sold to the General Dredging Contractors, Limited, represent an area of about 800,000 square feet, or one-fourth of the total area of the lands.

(Signed) G. Cournoyer,
Secretary-Treasurer.

April 27, 1938.

Now what do we conclude from that? The government owns in St. Joseph de Sorel 3,940,000 square feet of land, which is of course the old ordnance property and the shipyard. The shipyard represents 800,000 square feet, or a little more than one-fifth of the whole. If my hon. friend had gone to the proper town for his tax appraisal he would have found that the appraised value on the books of the town is a little over $100,000, we will say at the outside $125,000, for the shipyard property and the land that was sold. It now stands in the books of the town with an assessment of $150,000 against the new owners. So much for the appraisal of the land.

Now let us come to the auditor general's inventory, which is simply a statement carried in the books of the government showing what various properties cost. There may be some obligation on departments to keep those inventories more or less up to date, and I may say that the rules of the auditor general provide that items shall be entered in the inventory at cost. They are carried at cost until the items are actually disposed of by the government, and of course, some items are never disposed of, so as a result the "inventory" is a more or less meaningless affair. However, the auditor general did call to my attention the fact that our inventory was not up to date and I issued instructions that it be brought up to date. I have in my hand a copy of the document furnished the auditor general by our department, giving the items in detail. This was furnished in response to his request and is the document from which the figures quoted by my hon. friend were taken. In this list there are two columns, the first showing the original cost of the article and the second the market value, as it is described here, as in 1936. The figures given to my hon. friend were the cost figures.

Mr. COLDWELL: What was the date of that document?

Mr. HOWE: February, 1937. It is the inventory of the fleet at the end of 1936, the first inventory of that equipment we ever supplied to the auditor general. This inventory adds up to $7,872,007.01, which is the figure my hon. friend gave.

Mr. PELLETIER: The minister stated there was no inventory supplied before. Will he please explain why?

Mr. HOWE: I cannot say that; all I know is that the first request came to me, as minister, in 1936, and I complied with it. I thought if the auditor general wanted the inventory he had better have it, and I issued instructions to have it made up and given to him. That was the first request I ever received, and I complied with it as soon as the inventory could be made up.

The figure given by my hon. friend as being the original cost of this equipment was $7,872,007.01. I have the present day value, which was furnished to the auditor general at the same time, and that figure is $1,953,900. However, on this list there are many items that were not sold. For instance, we have the steamship Bellechasse, the steamship Berthier, the steamship Detector, the steamship Frontenac, the tug Lanoraie, the tug Laviolette, and the tug Lavaltrie, which the government still own. Then we have coal barge No. 5, stone lifter No. 4, stone lifter No. 5, sounding scows Nos. 1, 2 and 3; winch

scow No. 2; a coal scow; steel catamaran No. 1; wood catamaran No. 2; D. M. motor boats Nos. 1, 2, 3, 4, 5, 6 and 7. The total cost of the material not sold was $1,327,948.35, giving the net cost of the material sold—and remember this is the cost—of $6,544,058.66. The material not sold, according to the inventory furnished the auditor general, had a market value as of that date of $455,800, leaving the market value of the material sold $1,498,100.

This is the document on which my hon. friend attempted to base his argument that this equipment was ridiculously overvalued. It is the very document he asked for. I am sure if he had asked the auditor general for the present day values, instead of the values as carried on the books of the government, the auditor general would have been glad to give them. If he still wants them, I am sure the auditor general will furnish them, because they appear on the same sheet with the other figures to which my hon. friend referred. According to this statement, which was furnished the auditor general—and because of which my hon. friend asks us to believe that there has been a great scandal—the present day value of the equipment sold is given as $1,498,100 and the sale price of the equipment was $1,494,594, or practically the inventory figure made by the department in February, 1937.

Mr. PELLETIER: The minister is telling us now of the equipment he still has on hand. I did not mention anything about the equipment that remained unsold. The figures I quoted covered the list supplied to me by the department, and had nothing to do with the equipment remaining unsold. I do not know anything about that.

Mr. HOWE: My hon. friend quoted the list furnished him by the department, I take it?

Mr. PELLETIER: That is right.

Mr. HOWE: The figure mentioned by my hon. friend was taken from the auditor general's report, and I have just read from our report to the auditor general. The figure of $7,872,007.01 mentioned by my hon. friend is the figure I have been breaking down for him.

Mr. PELLETIER: I referred to the auditor general's report as of December 31, 1936. I do not know what reports have been made since that time. I have not that information, but that is not material. I am not concerned with what happened after that date; I am talking about the report as it appears in the auditor general's report.

[Mr. Howe.]

Mr. HOWE: That is exactly what I am giving. This is the statement from which he made up his figures.

Mr. PELLETIER: Since that time.

Mr. HOWE: No.

Mr. PELLETIER: Since December 31, 1936.

Mr. HOWE: No, it is the only report we ever filed.

Mr. PELLETIER: But it does not change the total of over $7,000,000 for the St. Lawrence ship channel.

Mr. HOWE: I have shown how all that figures out. I think I stated that it was because my hon. friend is absolutely addled as a financier that he has been chosen for this work. I cannot state the position more clearly than I have.

Mr. PELLETIER: Why does the minister say I was chosen for this work? He has no right to say that. Mr. Chairman, I am speaking to a point of order. I do not see why anything like that should be said.

Mr. HOWE: I will put it this way—the person who chose you to take on the work.

Mr. PELLETIER: That is not a withdrawal, and I think the minister should take it back. I was not chosen. I am doing it of my own accord because it is in the interests of the Canadian taxpayer and the truth.

Mr. HOWE: It must have brought you in rontact with very strange friends, then.

Mr. PELLETIER: On a point of order, I think the minister should take that back. He should not say that I was chosen.

Mr. BRADETTE: What about the insinuations you make?

An hon. MEMBER: It is a false accusation.

Mr. HOWE: What is a false accusation?

Mr. JOHNSTON (Bow River): That anybody hired him to do the work.

Mr. HOWE: I did not say anybody hired him.

Mr. JOHNSTON (Bow River): That was the inference.

Mr. HOWE: No, I deny that. No insinuation of the kind was made, and I think no hon. member could reasonably take that from what I said. I did not say he was hired for the work.

The CHAIRMAN: On the point of order raised by the hon. member for Peace River (Mr. Pelletier), I take it the point is that the remark of the Minister of Transport was that he was chosen—

Mr. MACKENZIE (Vancouver): Chosen by Providence.

The CHAIRMAN: In my opinion that expression is not out of order.

Mr. PELLETIER: Mr. Chairman, I have absolutely nothing to say. I leave it to the committee to judge whether or not your interpretation of that kind of language is correct.

The CHAIRMAN: Order. The hon. member for Peace River has made a reflection upon the Chair which he must withdraw.

Mr. PELLETIER: If I made any reflection upon the Chair, Mr. Chairman, while I cannot see it, I will withdraw it.

Mr. HANSELL: When the Minister of Transport used the word "chosen" the thought that came to my mind was that it might be interpreted that the hon. member had been chosen by this group.

The CHAIRMAN: Would the hon. member speak louder, please?

Mr. HANSELL: When the minister used the term "chosen" the thought came to me that he might have meant the hon. member was chosen by this group, and that is not so. The hon. member has himself stated that he did this entirely of his own accord. That is his privilege. So far as some other hon. members and myself are concerned may I say that we do not know anything more about it than does the hon. member for Rosetown-Biggar (Mr. Coldwell).

Mr. LANDERYOU: The minister has no right to reflect upon the "friends" of the hon. member.

Mr. HOWE: I make it quite clear that I did not intend to insinuate that any one in the Social Credit party or group chose the hon. member for the work, nor do I wish to intimate that any one paid the hon. member for the work. If any such inference was taken by anyone from my remark I wish to state that no remark of mine is to be taken in that way.

Mr. LANDERYOU: Who are the friends to whom the minister referred?

Mr. PELLETIER: The minister has just said he does not believe the hon. member was chosen by the group, or that he was paid by somebody else. That does not take away from the fact that he has not changed the word "chosen."

Mr. DUNNING: Surely it is not wrong to use the word "chosen." For instance, he might have been chosen by Providence; divine inspiration might have descended upon the hon. member. In view of the hon. member's speech I am surprised he should be so very thin-skinned, because if there is any merit in the hon. member's speech then the Minister of Transport, as he has said himself, ought not to remain in public life. If a man takes the responsibility of making charges of that sort with respect to a minister and a department surely he cannot take exception to the statement that he was chosen to do the work.

Mr. JOHNSTON (Bow River): Chosen by whom?—that is the point. By whom was he chosen?

The CHAIRMAN: The discussion is quite out of order. The point of order was raised by the hon. member for Peace River, and I gave my ruling, which was that in my opinion the point of order was not well taken. Proceed with the discussion.

Mr. THORSON: Perhaps the hon. member could clear it up by telling the committee who took him to Sorel.

Mr. JOHNSTON (Bow River): That is the point, Mr. Chairman; the inference is thrown right back.

Mr. HOWE: Who did take him?

The CHAIRMAN: Order.

Mr. JOHNSTON (Bow River): That must be proven.

The CHAIRMAN: The point of order is settled; proceed with the discussion.

Mr. MARTIN: Was or was not the hon. member for Peace River taken?

Mr. JOHNSTON (Bow River): You said he was.

The CHAIRMAN: Order.

Mr. DOUGLAS (Weyburn): Perhaps to Beauharnois.

Mr. HOWE: I do not wish to labour the point, but may I point out that the principal charges against me were based upon two documents. I believe I have shown the facts so far as the assessment at Sorel goes. The document used was one taken from the records of a town in which no property which was involved in the sale of this shipyard is located. I have given the details which made up the figures which were given. I have also given the figures for the town where the shipyard is located. I have referred to tax records there and I have shown that from the records of the town where the shipyard is located—and I think those

are the proper records—the assessment of the property before the sale and to-day is just about what we would expect from the figures and details which I have laid before the house with respect to the sale of equipment.

Then, reference has been made to the auditor general's report. The hon. member was invited to come to the Department of Transport and to see all the details which went to make up that report. He did not go; he preferred to go to Sorel. He would not go across to the Hunter building to see what we had on the subject. Had he gone there he would have seen every detail which went to make up the report and he would have seen the report just as it went to the auditor general. I am sure if he had called at the auditor general's office that official would have been glad to show him the report, just as I have it here to-day.

Mr. PELLETIER: Would my visit have changed the total figures? Had I visited the Hunter building would there have been any change in what the auditor general has on the files?

Mr. HOWE: What does he say the total is?

Mr. PELLETIER: He says the total was $10,958,373.65.

Mr. HOWE: The total of what?

Mr. PELLETIER: The total of the St. Lawrence ship channel, the Sorel shipyard and the Quebec agency.

Mr. HOWE: Where is the Quebec agency located? May I say to the hon. member that it is located in the city of Quebec. What are the other items?

Mr. PELLETIER: There is one for the St. Lawrence ship channel amounting to $7,872,-007.01.

Mr. HOWE: That is the figure I have been reading, and the one we have been discussing. The St. Lawrence ship channel fleet was tied up at Sorel.

Mr. PELLETIER: If I had gone to the Hunter building would those figures have been changed?

Mr. HOWE: No, but you would have found out that it was cost and not value. Had the hon. member gone to the auditor general he would have found out about the figures.

Mr. PELLETIER: The auditor general's instructions are here, and if I must go over them again, I will do so. In regard to values he definitely states how values will be established. His words are these:

It is suggested therefore that property values once established—

[Mr. Howe.]

And those are the important words—"once established." They were established in 1936.

Mr. HOWE: The hon. member never reads the pertinent part of a letter. If he would read it from the start he would be more fair. I do not think the hon. member understands it, otherwise I would not be so patient. If he will read it again I will explain it.

Mr. PELLETIER: Perhaps many of us do not.

This inventory should include stationery supplies, travelling accessories such as trunks, bags, cases, etc., and motor vehicles. The actual or approximate cost of each individual item—

Mr. HOWE: Stop right there. He says, "actual or approximate cost." He states that if the cost cannot be determined, then the estimated value should be indicated. Could anything be clearer than that?

Mr. PELLETIER: That is quite clear. I quote:

The actual or approximate cost of each individual item of stores and equipment on hand should be given, but where such information cannot readily be obtained then the estimated value should be indicated. In either case the inventory should be prepared to show the total value of such property on hand.

Those are important words.

Mr. HOWE: We gave both the cost and the value in parallel columns. I shall be glad to file that information, or the hon. member can get it from the auditor general. He chose to take the cost, which was an indication to me that the cost was what he wanted when I had put both figures before him.

Mr. PELLETIER: The auditor general could have used figures other than those he did use?

Mr. HOWE: We furnished the cost and the value.

Mr. PELLETIER: He then goes on to state how the values are to be ascertained:

It is suggested therefore that property values once established, either on a cost or an estimated basis, should be maintained—

When were those values established? They were established in 1936.

Mr. HOWE: But cost is still cost.

Mr. PELLETIER: "Either on a cost or an estimated basis."

Mr. HOWE: We gave him the cost figures because in every case we were able to establish the cost.

Mr. PELLETIER: Nevertheless, it comes down to this: we must take the value as at December 31, 1936, because that is the first

time any valuation was made. That is the point that I consider material in this matter. It has not been shown why an inventory was not taken before. We do not know what happened before and we cannot make any comparison with the past.

Item agreed to.

River St. Lawrence ship canal—operation and maintenance, including any portion of contract dredging chargeable to maintenance, $321,600.

Mr. STEWART: Is the considerable decrease in this item due to the sale of part of the fleet?

Mr. HOWE: This item of maintenance dredging was set up last year for the first time. The channel was nearing completion and we thought we should separate the capital vote from the maintenance vote. We voted $438,400 last year, but we found that the actual maintenance dredging cost less than that and we reduced the item accordingly. It is thought that the cost of the maintenance of the channel will stay constant at about this figure.

Mr. STEWART: How much was spent last year under the vote?

Mr. HOWE: I do not appear to have the details of how the money was spent.

Mr. STEWART: If the minister has the estimated figures for this year it will give us a guide.

Mr. HOWE: The amount for permanent staff is $49,270, of which $25,620 is charged to capital dredging. This would leave permanent staff expenditures of $23,650. Then there is:

Temporary assistance, $73,873.86.
Contract dredging, $150,000.
Fuel, staff boats, $21,919.69.
Materials and supplies, staff boats, $8,574.48.
Repairs, plant and equipment, $29,818.03.
Sundries, $13,763.94.

Mr. STEWART: I notice it is proposed to do some contract dredging. Will that be for deepening the channel or just to maintain what has been dredged to the required depth?

Mr. HOWE: It is purely maintenance. There is silting at two points below Quebec and one point below Three Rivers and this must be attended to practically every year.

Mr. STEWART: It is proposed to have some of that work done by contract.

Mr. HOWE: We have no dredging equipment of our own.

Mr. REID: How much money has been spent on dredging in the St. Lawrence during the past five years?

Mr. HOWE: The total expenditure for the period from the fiscal year 1931-32 to the end of the fiscal year 1936-37 was $30,300,000.

Item agreed to.

To provide for the removal of derelicts in Canadian waters, $15,000.

Mr. STIRLING: Would the minister give the committee some information with regard to this? I see it is a new item.

Mr. HOWE: It is new in the main estimates, but an item that has been continued for I think now three years in the special supplementaries. The harbours of Canada were littered with derelicts, and there seemed to be no one responsible for their removal. The derelicts that caused the trouble were those for which no owner could be found and no department would assume responsibility. It is the policy of the Department of Marine to remove these derelicts and to give strict instructions that no more shall be allowed to accumulate in the organized harbours of Canada. I think some $70,000 has been spent on this work altogether, and this item is intended, I believe, to complete the work.

Mr. STIRLING: How, actually, is the work done?

Mr. HOWE: By contract. Each one is treated separately. In some cases it may be a matter of only seventy-five or a hundred dollars, but there have been derelicts that cost from eleven to twelve thousand dollars to remove.

Mr. TAYLOR (Nanaimo): It applies only to the organized harbours?

Mr. HOWE: Yes, and by organized harbour I mean a harbour with a harbour master.

Item agreed to.

To provide towards the construction of a combination icebreaker and service vessel, estimated to cost $600,000—amount required for 1938-39—capital, $200,000.

Mr. PERLEY: Is any part of this spent on the great lakes, around Port Arthur?

Mr. HOWE: This item is for a new service steamer. The fleet, as hon. members who live by the sea are aware, contains some very old vessels. The new boat is to be a combination boat which we hope will mean the scrapping of three of the oldest vessels, the Aranmore, going on now to forty-nine years old, the Bellechasse, and the Lady Grey, both of which are very old and exceedingly expensive to operate. We expect to build a boat which will be able to release these other boats by

doing double and triple duty on the St. Lawrence, enabling us to retire these older boats which are very expensive both in operation and in repairs. This $200,000 is part of an expenditure that is estimated to run around $500,000, the $200,000 being required this year.

Mr. STIRLING: How does the new boat compare with the McLean?

Mr. HOWE: This will be of a lighter draft than the McLean. It is being built primarily for icebreaking service in the St. Lawrence. None of the present boats can work back outside the limits of the channel, because of their deep draft; our boats have as deep a draft as the ocean liners, and therefore they must confine their work to the channel. But this lighter draft ice-breaker will be able to work outside the channel. It will also take the place of the Bellechasse, which is the principal staff boat for the St. Lawrence dredging, and it will have buoy-lifting equipment, so that it will be able to help out with the buoys in the spring and fall.

Mr. STEWART: Has the contract been let for this boat?

Mr. HOWE: No, plans have been prepared, but we cannot very well award the contract until the money is voted.

Mr. BROOKS: Is it the expectation that this icebreaker will open the St. Lawrence channel earlier than it has been opened in the past?

Mr. HOWE: No, but we have never failed to get the channel open in time for navigation, that time depending on conditions in the strait of Belle Isle. The channel will not be open any earlier, but we think it will be opened a little more efficiently and a little less expensively.

Mr. BROOKS: So the ports of St. John and Halifax will not suffer by the use of this new equipment?

Mr. HOWE: No, they will be in a neutral position so far as this item is concerned.

Item agreed to.

Railway service—

Salaries of Board of Railway Commissioners, $53,500.

Railway grade crossing fund, 19-20 Geo. V, chapter 54, $200,000.

Railway grade crossing fund—amount (in addition to that provided by section 262, subsection (6) of the Railway Act) to be placed to the credit of the railway grade crossing fund, and to be applied by the Board of Railway Commissioners for Canada pursuant to, and within the limitations of, the provisions of section 262 of the Railway Act, as enacted by chapter 43 of the statutes of Canada, 1928, and amended by chapter 54 of the statutes of Canada, 1929, $300,000.

[Mr. Howe.]

Mr. STEWART: Would the minister give the committee a statement on the present condition of the fund? He will recall that in years gone by there was an accumulation of arrears, as it were; that is, a number of orders had been made but the funds were not available to satisfy the amount which the dominion was required to contribute under the orders. I do not know whether those arrears have been overtaken or just how we stand with respect to our liabilities to the fund.

Mr. HOWE: A revote is required this year for moneys for which we are committed and for work partly done. That revote is not in the main estimates but will be amongst the railway items in the supplementaries. We were not able to determine the amount until the end of the fiscal year, and so the amount was not ready for the main estimates.

Mr. STEWART: Do I understand the minister to say that the liabilities that will be provided for by the main estimates will be approximately $2,000,000.

Mr. HOWE: That will be in the supplementaries.

Mr. STEWART: And this is to take care of what the minister anticipates will be required during the coming fiscal year outside of arrears?

Mr. HOWE: The position is that there is a statutory vote of $200,000 for the grade crossing fund, and this amount of $300,000 is to supplement the statutory vote. Of course, my hon. friend is aware that under the Public Works Construction Act a fund was placed at the disposal of the railway board apart from the statutory vote. It ran to about a million dollars a year. Whether that will be placed at their disposal again will appear later.

Mr. STEWART: Is this amount to take care of anticipated obligations during the coming year outside of any special provision?

Mr. HOWE: Yes.

Mr. BROOKS: This is a very important item in view of the number of accidents that are occurring at railway crossings, and I would ask the minister what plan the department has for the elimination of railway grade crossings. Is it the intention gradually to eliminate them, and how is the selection made of those which are to be removed at different times?

Mr. HOWE: The selection is made entirely by the board of railway commissioners, who administer this fund. The department has nothing to do with the selection. The board hears applications for the abolition of grade crossings in the order, I suppose, in which they are filed, determines the merits of the application, whether there should be a division of the cost, and if so, what it should be, and then issues its order. The order carries with it, of course, sufficient funds to carry out the government's contribution as assessed by the board. All we do is to vote the money, turn it over to the board of railway commissioners to administer, and approve the orders sent forward.

Mr. BROOKS: Will the most dangerous crossings be eliminated first? Is there a plan working to that end?

Mr. HOWE: The board does not initiate grade crossing projects, but simply passes upon applications made. As a matter of fact there is no great rush of applications to the board, strange as that may seem. Two years ago they were worried because they did not know whether there would be a sufficient number of applications to enable them to spend the money voted by parliament before the vote expired. Any application for a grade crossing project filed with the board receives careful consideration, and if the situation warrants it a proper appropriation is made.

Mr. BROOKS: If it were a very dangerous crossing would the board wait for an application, or would they use their own judgment to eliminate it?

Mr. HOWE: The board does not initiate any projects; application must be made.

Mr. TAYLOR (Nanaimo): Who has control in a situation such as I will now describe? Somewhere close to the city of Grand Forks the railway passes over the main automobile road and there is a bridge constructed of stone and brick, I believe. The road crosses under the railway track, shall we say, from southwest to northeast, but as a result of some stupidness in the construction a gap has been left from southeast to northwest and the road has to be adjusted to go through that gap. This has made the crossing for automobiles extremely dangerous. Is there any supervision over such matters to prevent that sort of thing happening, or when it does begin are steps taken to control it before it is too late?

Mr. HOWE: I hope my hon. friend is not accusing any particular branch of the government, because there are three parties involved, any one of whom might be responsible. The board of railway commissioners has an efficient engineering staff that looks after work of this sort, specializing in grade crossings. The work is carefully planned and supervised, and every precaution is taken against the sort of engineering mistake the hon. gentleman refers to.

Item agreed to.

Board of Railway Commissioners for Canada —administration, maintenance and operation, including provision for the appointment of George Kydd as division engineer at a salary of $3,420 per annum, notwithstanding anything in the Civil Service Act, $262,040.

Mr. GREEN: Does the department intend to increase the number of railway commissioners or increase their salaries in consequence of the new duties placed upon them by reason of the transport act?

Mr. HOWE: Can my hon. friend tell me whether there is to be a transport act or not? There are six commissioners provided for by statute and there is one vacancy at the moment. It is not anticipated that the number of commissioners need be increased, although some additional staff will be required.

Mr. STEWART: This involves an increase of $22,053. The board of railway commissioners is an organization of some years' standing, with a pretty regular and well-established staff, and it might be interesting to know exactly why the increased expenditure this year is required. The minister might also tell us whether this is the first payment to George Kydd, whose salary is stated here to be $3,420. I notice that this appointment is made notwithstanding anything in the Civil Service Act. It would appear that this gentleman has been appointed to a position outside the provisions of the act. When was he appointed?

Mr. HOWE: Restoration of salary deductions accounts for $10,000; statutory increases $2,000; increase to the secretary authorized by order in council, $500—that is a civil service position—and the position of division engineer to which Mr. George Kydd has been appointed, $3,420. That is not a new position. Then there is a temporary staff of three men. That makes a total of $17,000 in staff. Printing and stationery amount to $3,000; travelling expenses, $2,000; contingencies, $5,500. There were decreases in the salaries of the chief engineer, and the assistant chief engineer, and the deductions total $6,420, the net increase being $22,053.

As regards Mr. George Kydd, he has been an employee of the dominion government for over twenty-five years, having begun on the Trent canal. When the work at Churchill was undertaken he was moved from the Trent canal to that port as engineer in charge. He was at Churchill from about 1919, or at any rate from the time the work was resumed after the war until the completion of the port. While there he was in charge of the entire operation, receiving a salary that was considerably more than he is now getting. We had no further work for him, that being the last construction job we had. Of course construction work at Churchill was not under the civil service commission, so that after twenty years of service—indeed, more than that, twenty-five years—he found himself out of employment and without a pension. He is admirably qualified for the work he is doing for the board of railway commissioners and they were very glad to have his services. Unfortunately he could not technically be approved by the civil service commission, though they admitted that he was undoubtedly qualified. We are of the opinion, therefore, that we are justified in carrying him from year to year by naming him in the estimates.

Mr. GREEN: On page 227, which gives the list of employees whose salaries are included in this vote, there appears an item for a senior electrical engineer, special duties, at $600 per annum. Is he a regular employee of the government, or some outside engineer who is brought in for special work?

Mr. HOWE: That refers to Mr. John Murphy, who, I believe, occupies three positions, one of them being that of electrical engineer to the board of railway commissioners; another is electrical engineer for the Department of Transport; and the third, acting superintendent of the Rideau canal. His position is under the civil service commission and the appointments are approved by the commission. It is purely a civil service job. The amount here represents a division of his salary; $600 of his salary is charged to this vote.

Mr. GREEN: What is his total salary?

Mr. HOWE: His total salary from all sources is $5,520.

Mr. STIRLING: How near are we to the day when the present freight rate structure of Canada will be done away with and a new one, on a perfect basis, substituted therefor? It has appeared to me for a long time that never shall we do away with the preposterous anomalies which exist all over Canada until we get on a proper basis and away from this one which has just grown.

Mr. HOWE: If my hon. friend can name a man who could design a perfect freight rate structure, he would help me more than I can say, and perform a service to the continent of North America for which there is not enough money in the treasury to compensate him. The freight rate structure has grown up over the years; it has been modified for this and for that; it is interwoven between the United States and Canada, and the task of scrapping it and starting afresh would be almost superhuman.

Item agreed to.

Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $51,080.

Mr. GREEN: How many official cars are there, and for what purposes are they used?

Mr. HOWE: There are four official cars owned by the government. One is allotted for the exclusive use of the Prime Minister. The author of the Railway Act, I am happy to say, made it mandatory for the government to provide a car for the exclusive use of the Minister of Transport. The Minister of National Defence has a car; I believe that situation arose during the war. And there is one car to be assigned to any minister travelling on official business.

Mr. DUNNING: The fourth is called "the tramp."

Mr. GREEN: Is there also a regular staff engaged for these cars?

Mr. HOWE: Yes; there is a porter for each car.

Item agreed to.

Hudson Bay railway—To provide for the difference between expenditures for operation and maintenance, and revenue accruing from operations during the year ending March 31, 1939, not exceeding $370,000.

Mr. PERLEY: This is an item in which the western members are very much interested. I note that there is an increase in this vote. What is the total cost of operation and maintenance, and the total revenue? I trust the government are giving due consideration to that port. It is a very important port, and I have talked with different men interested in shipping who claim that for a considerable part of the year it is as safe as the St.

Lawrence waterways. I trust the government are not slackening in their efforts to make it a success. What effort is the government making to get business for that port?

Mr. HOWE: The vote under consideration is for the Hudson Bay railway. I assume my hon. friend refers to a later vote for the port of Churchill. For the railway the cost of operation last year was $364,000, and of maintenance, $336,500, making a total of $700,500. The operating revenues were $364,000, leaving an estimated deficit of $336,500.

This year we are providing for operating expenses, $329,000 and maintenance, $370,000, or a total of $699,000, and we anticipate an operating revenue of $329,000 and are providing for a deficit of $370,000.

Mr. PERLEY: How many vessels came into that port during last year?

Mr. HOWE: There were two cargoes shipped out last year. There was one in and there were two out.

Mr. PERLEY: What would the cargoes consist of?

Mr. HOWE: The incoming cargo was general merchandise. The boat is put on the berth at London for all goods offering for movement into western Canada by Churchill. It takes general merchandise, hardware, fencing, glass, binder twine, material of that kind.

Mr. PERLEY: The outgoing cargoes were what?

Mr. HOWE: Entirely wheat.

Mr. PERLEY: As this Hudson Bay railway and the port are more or less the baby of the Minister of Finance, I trust the government are making every effort to make that port a success. I think if a little more advertising were done and effort made to get business, it might be put on a paying basis. If they could get another $370,000 worth, it would practically carry its operating expenses.

Mr. HOWE: Last year, as my hon. friend knows, was a very exceptional year in grain traffic. There was a premium for cash wheat over the option as high as twenty-five and thirty cents, and naturally wheat at Churchill is not cash wheat. So market conditions put Churchill out of line last year. For a time Vancouver was in almost the same position. Some years ports have a good flow of the grain, and in others they do not. We did everything possible to attract grain to Churchill last year, but the best position we could find would have required a cash contribution from the government of about eight cents a bushel to justify the movement of grain to Churchill.

Mr. STEWART: Are the expenses of the operation of the elevator included in this?

Mr. HOWE: No; this is just the railway. The port is another item; we shall come to it later.

Mr. GREEN: What passenger and freight service is given on this railway? Would the minister give a short review of the present situation, the kind of traffic that is carried, whether it is operated all winter, and other details?

Mr. HOWE: In the summer months the train runs every second day between The Pas and Churchill. It is a mixed train, a way freight with passenger accommodation. That train leaves The Pas one day and comes back the next. Of course, when grain is moving, additional freights are put on as required. In the winter the service is cut down to one trip a month through to Churchill, but there is a weekly service between Gillam and The Pas. Gillam is about three hundred miles from The Pas.

Mr. GREEN: Is there any increase in the freight traffic, or are any mines being opened up along the railway?

Mr. HOWE: As my hon. friend knows, the Hudson Bay Mining and Smelting Company's mine at Flinflon is tributary to this line, as is also the Sherritt-Gordon mine. We have heavy traffic over the part near The Pas from these mines. Unfortunately no further worthwhile mining development has been discovered along the line.

Mr. CRERAR: Before the item passes perhaps I may be permitted to say a word or two, because this railway is in the constituency I represent in this house.

Mr. STEWART: It is your baby just now.

Mr. CRERAR: Yes, and I am rather proud of the baby. The Minister of Transport has mentioned the mining development in northern Manitoba. It may be of interest to the committee to learn that to-day there are five operating mines in Manitoba north of the town of The Pas, four in the western part of the province and one in the eastern part. Seventy miles from The Pas, at Flinflon, is the Hudson Bay Mining and Smelting Company operation, which gives steady employment to 1,700 men, and produces copper, zinc,

gold, silver and some other rare metals. Eighty miles north of The Pas is the jumping-off place for another mine which came into operation two years ago and to-day gives steady employment, as I recall, to something like 150 men. Then, still further north, about 250 miles, is a point called Ilford, from which all the freight goes into the God's Lake mine in eastern Manitoba, and another development that is taking place east of that again in the province of Ontario at a place called Sachego lake.

Mr. STIRLING: Would the minister say how many miles up the railway it is to that connection for God's lake?

Mr. CRERAR: It is at a place called Ilford. I am not sure of the distance, but my recollection is that it is about 250 miles.

Mr. STIRLING: Long before the crossing of the river?

Mr. CRERAR: Yes, before we came to the Nelson river. At the moment this is really a pioneer road. I have not the slightest doubt that if it had not been for the last eight years of depression the progress in northern Manitoba, as indeed in the northern parts of our other provinces, would have been very much greater than it has been. Undoubtedly, in this northern country, in Manitoba as well as in the other provinces, there are all the evidences of rich mineral possibilities. While I am aware of the popular notion held in eastern Canada with regard to the Hudson Bay railway; while I am aware of the fact that some people fairly high in authority have condemned it, nevertheless I venture to say that the time will come when the Hudson Bay railway will justify its construction and operation just as much as the Temiskaming and Northern Ontario railway has justified its construction and operation in the province of Ontario. Even in my brief memory I can recall that when the Temiskaming and Northern Ontario was built there was a great deal of opposition to the spending of money to build a road into a wilderness that would never produce anything. Well, development has entirely belied those statements, and I am equally certain that the same thing will hold true of the Hudson Bay railway.

I might just add this, that I think Canadians generally fail to appreciate the possibilities of the development of wealth in our northern areas. Certainly one of the essentials for that development is transportation. While it is true that we have been obliged to provide sums of money to make up deficits resulting from the operation of this road, I am quite certain that the day will come when these deficits will cease and the developments along the road will be making a worthwhile contribution to the wealth of this country. It was unfortunate that, because of conditions in the west last year, no grain went to Churchill. Undoubtedly Churchill will ship grain; but last year Saskatchewan produced scarcely enough wheat for its own bread and seed, and under those conditions no grain was available to go to Churchill. My colleague the Minister of Transport referred to the market conditions that obtained during practically the whole season. Because of the scarcity of our hard wheat on the prairies, the cash premiums on spot grain went to as high as twenty-five or thirty cents a bushel over the future months. Consequently grain could not be sent to Churchill, or rather it could be sent there, but no dealer or trader would take the risk of purchasing it under these high premiums unless he was sure he could move it out to take advantage of the market at any moment.

Mr. WOODSWORTH: The minister still thinks it is a practicable route for the future?

Mr. CRERAR: I have never had any doubt of that, and I have never been more certain of it than I am at this time. That route will develop. The time will come when it will be one of the important trade and development routes of Canada. It may not be in our day, but that time will come. I am satisfied that in regard to northern Manitoba and the Hudson Bay railway we shall have a repetition of the very fine contribution that has been made by the Temiskaming and Northern Ontario railway to the development of northern Ontario.

I just wished to say this word in justification of this vote, because I would not want hon. members to continue in the view—if they hold it—that is held by some of our friends and critics in eastern Canada, that the Hudson Bay railway is simply a great sink-hole which never should have been built. It is a development road. The criticism may be made that it was built a little ahead of time. I do not think so. Certainly, if that road had not been built to The Pas and had not been extended further, we would not have had the great mining development that has taken place even in Manitoba within the last ten years. I am sure hon. members will agree that if this country needs anything to-day, it needs development of our hidden wealth, because only in that way can we reach a national income which will enable us to carry the

burdens that have been placed not only upon the federal government but upon provincial governments as well.

Mr. GREEN: I heartily agree with everything that has been said by the Minister of Mines and Resources with regard to the importance of developing our northern country. The Minister of Transport has stated that there is only one train a month into Churchill during the winter. Is there any air service? If not, it does seem to me that those people should be given better service than one train a month.

Mr. CRERAR: There is one train a month to Churchill from The Pas, it is true, but there is a regular service every week to a point something beyond mile 300, which serves the intermediate country. The monthly service to Churchill is sufficient to meet the needs of the town during those months of the year when the port is icebound. The weekly service supplies the mining areas on either side of the road that I mentioned a little earlier.

Mr. PERLEY: What is the population of the port during the closed season?

Mr. CRERAR: It depends upon the volume of trade.

Mr. HOWE: There are about 200 people, including employees of the port, railway men and a few wives.

Mr. PERLEY: How many are temporary and how many are permanent employees?

Mr. HOWE: May I remind hon. members that for the moment we are discussing a railway item. When we reach the appropriate vote in the estimates, we shall give the information.

Mr. GREEN: Is the government doing anything to induce or to assist prospectors to get into the area by way of building trails or roads, so that they can get at the mineralized area? If so, what is being done? It is important, so far as the railway is concerned, because we know the railway needs traffic.

Mr. HOWE: I would suggest that if the hon. member wishes to become clear on the point, he should take a trip over the line some time, especially when he talks about trails over the barren lands.

Mr. GREEN: I am asking for information.

Mr. HOWE: The section near Churchill is not a very good prospecting country; we shall put it in that way.

Mr. GREEN: Then the Minister of Transport and the Minister of Mines and Resources do not agree. There is something wrong there, somewhere.

Mr. CRERAR: I dissent from the remark of my colleague the Minister of Transport. There is a lot of very good prospecting territory for several hundred miles north of The Pas; our geological reports so indicate. The same is true of northern Saskatchewan. I would make the statement for the first three hundred or three hundred and fifty miles along the railway, from The Pas, north.

Possibly at this point I should mention another interesting fact. The Hudson Bay Mining and Smelting Company at Flinflon have invested over $30,000,000 in that north country. They have a power plant on the Churchill river seventy miles north of Flinflon. A year ago they had to add an additional unit to that plant, and this year they are adding another one. I believe they will now reach their maximum development on the Churchill river. On the Nelson river, farther east, several hundred thousand horse power of electrical energy is capable of development.

My point is that the whole area is only in the beginning of its development. With the railway we now have facilities whereby prospectors can get in. With the aid of aeroplanes from The Pas and Flinflon they can cover quite a large area economically. Under the vote for mining roads which has been passed by parliament in each of the last two years, sums of money have been spent on small improvements here and there to reduce costs of transportation. The work may be that of taking rocks out of a stream to permit the passage of a loaded canoe or boat. It may be that of putting in a dam here or there to raise the water and make a stream navigable. It may be the work of clearing ground around a portage, or building short stretches of road. All these improvements cheapen the cost of getting essential materials into the country to help in its development. That procedure has been followed not only in Manitoba but in Ontario and Quebec, and particularly in British Columbia. I would say to the hon. member for Vancouver South that I doubt if there is any province in Canada which has benefited more from those expenditures than has British Columbia. We are trying only to carry along a sensible development. I do not believe I can add anything further; perhaps I have already taken up too much time of the committee.

Mr. GREEN: I suggest to the Minister of Mines and Natural Resources that he might be helped a great deal in the development of northern Manitoba if he borrowed the official railway car of the Minister of Transport and took that minister for a trip to Churchill in order to convince him with respect to the resources in the territory.

Mr. CRERAR: I have already obtained a promise from the Minister of Transport, and I serve notice upon him here that I shall hold him to that promise to go to Churchill this summer.

Mr. HOWE: So that there may be no misunderstanding, I have made more trips over the line from The Pas to Churchill and I have spent more time in Churchill than has any other man in the house.

Mr. PERLEY: It would appear from his last statement that the minister must have had something to do with the building of the elevators there, before he joined the government. We must remember that the Minister of Transport is the member for Port Arthur. I do not think we shall find among the electors in that constituency much enthusiasm for the port of Churchill. Possibly the Minister of Mines and Resources was out of order in discussing the item. I must say, however, that he has not given much encouragement with respect to developments or efforts being made to make it a grain port. He has cited the premium on wheat at Fort William. I have no doubt the grain men who have interests at Fort William will never be great boosters for Churchill. I trust, however, that both ministers will set aside their personal interests in their respective constituencies and put forth a greater effort to get grain traffic to the port.

Mr. WARD: I believe the building of the Hudson Bay railway was just a further example of the faith of our people in the future of Canada. I imagine that the gentlemen who sat in this house in the days when the Canadian Pacific railway was being built from eastern to western Canada, or in the days of early development at Montreal, heard the same questions asked as have been asked today with respect to Churchill and the Hudson Bay railway. It was my privilege to visit Churchill on the first passenger train which went to the port, at a time when the present Minister of Finance was Minister of Railways and the present Minister of Transport (Mr. Howe) was an engineer—

An hon. MEMBER: Did he run the locomotive?

[Mr. Crerar.]

Mr. WARD: He was going to Churchill to lay the foundations for the elevator. That building has been referred to as one of the finest structures of its kind in the world. I have continued to visit Churchill for about two weeks each summer, because I like the place very much. Up to date I believe the railway has justified its existence and all the money which has been invested in it. Hon. members have spoken with respect to the failure of Churchill as a wheat port. I believe if those hon. members would look at the wheat quotations for October wheat in 1936 and 1937, they would find that on the option market alone there was in both years an average spread of about fifteen cents between October and May wheat. Would any one in this chamber who had money to invest, invest it in October wheat and store it at Churchill when May wheat was fifteen cents below the October price? Of course no one would do that, and I say that is the reason why the Churchill elevator has not been used.

If the west has a fair crop this year, it is my opinion that we shall not be able to handle the wheat offered to Churchill. We must have confidence in the future of that port. During a stay at The Pas last fall I got a car one afternoon and drove about fifteen miles up the Carrot river valley in the direction of Nipawin, and while on that trip I was amazed to see the wonderful quality of the land in the valley. I was told that there was a large acreage of land, with rich alluvial deposits, and free from stone, to be settled and developed. I have in mind one farmer about ten miles from The Pas who threshed 5,000 bushels of grain last year. I inquired from a man who had made a trip overland from The Pas to Nipawin, a distance of about 130 miles, and he told me that some day that district would be one of the finest agricultural districts in western Canada. I say to the hon. member for Qu'Appelle (Mr. Perley) that when that day comes, we shall not have anything to worry about as far as the Hudson Bay railway or Churchill is concerned. That railway will be one of the most important lines in Canada.

Mr. PERLEY: I agree with what the hon. gentleman is saying.

Mr. WARD: All that is required is a little more confidence in the future of the country. We should appreciate the agricultural and mining possibilities of that north country. I am convinced that some day there will be half a million people on agricultural land between The Pas and Churchill. Only forty-two miles north east of The Pas I saw as fine vegetables

as could be found anywhere in Canada. Grain ripens in that district, as do pumpkins and tomatoes. They can grow anything that can be grown in the Niagara peninsula, with the exception of peaches and a few things like that. In 1927 The Pas won the district prize for vegetables, competing with the whole province. The future of that country is just as assured as was the future of Montreal seventy-five years ago.

I rose in my place to criticize the government for the smallness of the vote being provided this year for this district. Large expenditures are being made in connection with Montreal and other points along the St. Lawrence river, but the expenditures for this district are quite small. I wonder if they are adequate? I have every confidence in the ability of the minister, and I know he is sympathetic toward the Hudson Bay railway and the port of Churchill. However, I submit that port will not be able to achieve its maximum development without the establishment of a bonded warehouse. A seasonal port like Churchill requires a place where an importer can store his goods until he is ready to distribute them throughout the country. A bonded warehouse does not mean that goods come in free of duty; it simply means that a place is provided in which goods may be stored and the payment of duty and other charges deferred until the goods are distributed. I had hoped that some consideration would have been given to this matter this year. There is a warehouse there at the present time, but it is not large enough. Perhaps a division could be made to provide for bonded facilities, but it would be better to extend the warehouse. An expenditure of $10,000 or $20,000 would permit of a considerable extension of the warehouse to accommodate the binder twine, glass, barbed wire and other commodities that are imported into this country to be used principally in western Canada. I hope serious consideration will be given during the coming year to the establishment of a bonded warehouse at Churchill.

Mr. MOTHERWELL: Mr. Chairman, it will be recalled that I had my little say on this matter during the debate on the address. The minister was good enough to state at that time that he would give an outline of the activities of the department in connection with drumming up freight for this route. I remember I read the report of the debate in the papers next morning, and I saw where some one who should have known better referred rather disdainfully to the fact that there had not been a carload of wheat shipped through that port last year. I am sorry to have to state that there have not been many cars of wheat of last year's growing shipped from Saskatchewan to any other port. We cannot ship what we do not grow. Present prospects would seem to indicate that we shall soon be getting back to normal production.

I do not want to count chickens before they are hatched, but nature in the form of abundant moisture would seem to be setting the hen for a crop.

I was glad to hear the Minister of Mines and Resources (Mr. Crerar) speak so hopefully of this project. Churchill was a good port before Montreal or the St. Lawrence route had been used to any extent. It is true that Jacques Cartier landed at Gaspé four hundred years ago, but it was some time after that before any great amount of traffic was going over the St. Lawrence route. I do not want to be thought to be decrying that route; that is not my intention at all. I am glad to see these dredging expenditures being made, because, with our water disappearing, it is necessary to deepen and widen this route. I hope to see the day when Montreal will be an all year port. Everything would seem to indicate that this may happen. I believe our experts and scientists have the ability to perform a feat of that kind. If this can be done, then the same enterprise can produce relatively the same results for Churchill so far as safe navigation for four months in the year is concerned and possibly more.

I was quite encouraged to-day by hearing what I did hear. I could not hear the minister very well, or the hon. member for Qu'Appelle (Mr. Perley) or the hon. gentleman in the back benches from a Conservative riding, but I understand there was no disposition to discount the possibilities of the Hudson bay route. Two hundred years ago there was on the Prince of Wales island a fortification stronger than any other in Canada at that time. This had been built by the Hudson's Bay Company, possibly with the assistance of the British government. I nearly lost my political scalp when the matter of this port location was trembling in the balance. Perhaps I would have, if it had not been for the truth of that old Indian legend that you cannot scalp a bald man. However, that trouble has been satisfactorily overcome. I am hopeful that with a return to normal production and prosperity generally, we shall see millions of bushels of grain going through Churchill. I hope to see not only grain but other farm products, as well as a considerable incoming, movement of domestic requirements. After all, no port can hope for ultimate success without both incoming and outgoing freight haulage.

Mr. PERLEY: The hon. member for Melville (Mr. Motherwell) has always been a great booster for the Hudson Bay railway; but I regret that on certain occasions when he could have exerted more influence to have this route built a little earlier, he did not take advantage of his opportunities. I can remember when the hon. member was interested in an election in 1908. We have a splendid theatre building in my town, and I can still remember the motto that was displayed at a Liberal meeting. It read: "Laurier will build the Hudson Bay railway, not to-morrow but now." We know when it was built; it was years later. The hon. member has always been a booster for this route, and I was glad to hear him express himself as he did.

Mr. BROOKS: There was one remark made by the hon. member for Melville (Mr. Motherwell) to which I should like to take exception. He said that he hoped he would live long enough to see Montreal made a winter port. I am sure we all wish the hon. member for Melville, who is one of the grand old men of this house, many years of life, but I certainly do not wish to see him live long enough to see the port of Montreal one of the winter ports of Canada.

An hon. MEMBER: Why not?

Mr. BROOKS: "Why not?" The maritime provinces have made sacrifices continually for the rest of Canada. Why should the western provinces, in order to save a few cents in freight rates on grain, which I assume would be the reason, wise to sacrifice the ports of Saint John and Halifax? That sort of thing has been going on for years; it is a sentiment which we in the maritime provinces resent very much, and I believe that sentiment is not shared by many in western Canada and in other parts of this country.

Mr. STEWART: The minister stated that the expenditures at the port of Churchill might be found under another item. Is it under national harbours?

Mr. HOWE: Yes.

Item agreed to.

Hudson Bay railway—construction and improvements—capital, $25,000.

Mr. PERLEY: What is the nature of this expenditure?

Mr. HOWE: This is just a capital vote. The amount asked for is required to continue the work started in 1908 on the Hudson Bay railway project. The construction of the railway is practically completed, and the road is in good operating condition although it is likely for several years to require a certain amount of ballasting and drain filling to make up for the settlement and shrinkage which will undoubtedly occur in the embankments. This amount will provide for the excavation of off-take ditches, the elimination of timber trestles and the construction of cedar culverts where additional openings are required.

Item agreed to.

Maritime Freight Rates Act—

To hereby authorize and provide for the payment from time to time during the fiscal year 1938-39 to the Canadian National Railway Company of the difference (estimated by the auditors of the said company and certified by the said auditors to the Minister of Transport as and when required by the said minister) occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (upon the same basis as set out in section 9 of the said act with respect to companies therein referred to) on all traffic moved during the year 1938, under the tariffs approved, on the eastern lines (as referred to in section 1 of the said act) of the Canadian National Railways, $2,278,000.

Mr. HOWE: This item was considered and approved in the railway committee, but I assume it should be called here.

Mr. STEWART: How is the increase of $478,000 made up?

Mr. HOWE: As was explained in the railway committee, this is a statutory item and the increased requirement is due to increased business.

Mr. STEWART: The minister anticipates that?

Mr. HOWE: Yes. It is twenty per cent of whatever business moves under the Maritime Freight Rates Act. We had to supply a deficit on last year's operations, which has appeared in the supplementaries for last year. This year we are appropriating approximately the actual cost of last year.

Item agreed to.

Amount required to provide for payment from time to time during the fiscal year 1938-39 of the difference, estimated by the board of railway commissioners and certified by the said board to the Minister of Transport as and when required by him, occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (referred to in section 9 of the said act) on all traffic moved during 1938, under the tariffs approved by the following companies: Canada & Gulf Terminal Railway; Canadian Pacific Railway, including: Fredericton & Grand Lake

Coal & Railway Company; New Brunswick Coal & Railway Company, Cumberland Railway & Coal Company, Dominion Atlantic Railway, Maritime Coal, Railway & Power Company, Sydney & Louisburg Railway, Temiscouata Railway Company, $860,000.

Mr. STEWART: Is this item also under the Maritime Freight Rates Act?

Mr. HOWE: Yes. The previous item applied to the Canadian National Railways, and this one applies to the Canadian Pacific railway and other railways which receive payments under that act.

Mr. STEWART: To railways other than the Canadian National.

Item agreed to.

Interest on rails rolled for Canadian National Railways: To provide for payment of interest under the terms and conditions of orders in council P.C. 1462 and P.C. 1533 of June 7, 1935, respecting orders of steel rails for the Canadian National Railway Company, $30,000.

Mr. STEWART: Will the minister explain this item?

Mr. HOWE: Under the Public Works Construction Act of 1935, orders were placed for steel rails in anticipation of requirements, the provision being that the government advance to the railways a portion of the cost of the rails and undertake to pay interest on the balance until the rails were required. These rails have been gradually taken into stock as the railways could use them, and the $30,000 represents the interest on the rails which are still in store at the steel plants, and of which the railways have not taken delivery.

Mr. STEWART: Has the minister any idea when delivery is likely to be taken and the complete obligation terminated?

Mr. HOWE: We are taking this year all our rails except a certain amount of 130-pound rails. The main line improvements have not been proceeding rapidly enough to give us any assurance when we shall be able to take the last of the 130-pound rails, but I think it will be in two or three years.

Item agreed to.

Mr. HOWE: Mr. Chairman, I move that the committee rise, report progress, and ask leave to sit again this day.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

CRIMINAL CODE

AMENDMENT TO PERMIT SWEEPSTAKES ORGANIZED BY PROVINCES FOR BENEFIT OF UNIVERSITIES OR HOSPITALS

The house resumed from Tuesday, March 15, consideration of the motion of Mr. Bertrand (Laurier) for the second reading of Bill No. 28, to amend the criminal code.

Mr. ERNEST BERTRAND (Laurier): It is almost two months since we started discussing this question. When the debate was adjourned on the last occasion I intended to quote Mr. Peter McGibbon, at one time member of parliament for Muskoka, Ontario. In 1934 Mr. McGibbon said:

I am more concerned with the possibilities for good, with the amelioration of the sufferings of humanity, and the lessening of the economic wastage of the human machine through the instrumentality of this bill than I am with the methods or the disputed morality connected with it.

The objections to this bill are all directed from the point of view of morality. I have received a large number of letters from persons throughout the country, a few in protest and also some marked copies of newspapers, to which I should like to direct the attention of the house. I have here a copy of The New Outlook, which, I believe, is published in Toronto. It is a marked copy, and there is in it an article entitled "Sweepstakes; a Moral Issue." The moral issue seems to be the scarecrow argument against sweepstakes. Here is an article that is typical of a large number of others written against the bill. The author is a Mr. Mutchmor, who gives as his qualification the fact that he is associate secretary, department of social service and evangelism. I would ask you, Mr. Speaker, to bear that in mind—evangelism. I want to show how charitable the evangelists are in this instance. This is what the writer says:

"With an Ontario-Quebec gang-up" to compel the federal government to amend section 236 of the criminal code in order that Mr. Bertrand's bill to legalize sweepstakes may be passed, we find ourselves in danger of a gambling craze similar to that experienced just after the war. Mr. Bertrand stated in the House of Commons that such legalized sweepstakes would help the Catholic university of Montreal. Such an argument is hardly sufficient, when we consider the moral issues at stake.

I have already quoted another author who wrote on lotteries, H. M. Muller. She has

given a good deal of information and considerable data in relation to sweepstakes and lotteries. At page 64 I find the following:

> The records show that by an act of parliament money was raised by lottery for the British Museum. Also England provided money for our Virginia colonists by means of a lottery. Thomas Jefferson heartily endorsed a lottery created by congress. John Adams and Benjamin Franklin obtained a "lottery loan" to meet government bills.

And so on.

I wish to call the attention of the house to one extremely uncharitable paragraph in Mr. Mutchmor's article. He says:

> Perhaps one of the greatest moral weaknesses, if the proposed bill is passed, will reveal itself in the civil service.

All we are asking the house to do is to pass a bill which will permit of the organization of lotteries under the absolute control of the legislatures, and this gentleman who is typical of all those who are opposed to the bill, declares that the weakness is in the civil service. He says:

> Corrupt practices endanger good government.

We knew that before he said it.

> We raise some pertinent questions: Who will receive the printing contracts? Which political friends will have the commission and sale of tickets? Whose nephews and nieces, cousins and sweethearts—

Mark you, Mr. Speaker, "sweethearts."

> —will be employed as stenographers and clerks? The state has too small a credit on its moral ledger to extend any more business privileges to such a group as the gambling fraternity.

I strongly protest against such articles. Merely because we wish to give the provinces the right to permit the organization of lotteries for charitable purposes, I do not see how we can be opposed on the ground that the object is to give employment to cousins or nephews or sweethearts or anybody else.

An hon. MEMBER: What paper is that?

Mr. BERTRAND (Laurier): It is the New Outlook, and the author of the article is Mr. J. R. Mutchmor, associate secretary, department of social service and evangelism.

Mr. HANSELL: What is he secretary of?

Mr. BERTRAND (Laurier): He is the associate secretary of the department of social service and evangelism. That is all. That is what appears under the title of the article in this marked copy which was sent to me.

Mr. HANSELL: He must be secretary of something.

[Mr. E. Bertrand.]

Mr. BERTRAND (Laurier): I take it he is the associate secretary of the department of social service and evangelism. He is not identified any further than that. As I say, I have received a large number of letters and marked newspapers, and one letter that did surprise me came from the association of rural municipalities of Saskatchewan, because I had been told that in the rural municipalities people were opposed to sweepstakes for charitable purposes, and when I showed this communication to my good friend the hon. member for Saskatoon I believe that he, too, was surprised. In March of the present year a resolution was passed by the Saskatchewan Association of Rural Municipalities at a meeting at which there were 650 delegates. They unanimously voted in favour of the resolution supporting the present bill. I have here a letter from the secretary of the association. He says in part:

> In my letter of the 25th ultimo I quoted resolution No. 33 which would come before the 33rd annual convention of this association which was held in Saskatoon on March 2, 3 and 4, 1938. I am now pleased to advise you that when the said resolution was presented to the 650 delegates there was not a single vote registered in opposition to the suggestion for legalization of sweepstakes for hospital purposes.

Mr. PERLEY: Who signed that?

Mr. BERTRAND (Laurier): He describes himself as secretary, and his name starts with "G."

Mr. YOUNG: If his name starts with "G," the hon. member has the wrong secretary!

Mr. DUNNING: In any case he is merely transmitting a resolution.

Mr. BERTRAND (Laurier): I would ask the hon. member for Saskatoon (Mr. Young), who knows every one of his constituents, to give me the right name.

Mr. YOUNG: It is Mr. J. J. McGurran.

Mr. BERTRAND (Laurier): Since this bill was introduced, everyone knows that the Ontario legislature has passed a bill which is ready to be put into force; now we have the province of Quebec; we have such bodies as this association of Saskatchewan; we have resolutions of different municipalities in and outside the province of Quebec. I even got a letter from the secretary of the city of Calgary, asking me if the bill could be extended so that they could organize a sweepstakes to build a gymnasium for the young men of Calgary. We have the plebiscite that was taken in the beautiful city of Vancouver where the result was 27,000 for and 9,000 against, if I remember correctly.

Mr. DUNNING: In favour of sweepstakes?

Mr. BERTRAND (Laurier): Yes, in favour of sweepstakes.

Mr. BARBER: A very large vote for a city of that size!

Mr. BERTRAND (Laurier): Well, I am ashamed to say I have never been west and have never been in Vancouver.

Mr. BARBER: In the third largest city in Canada, 27,000 votes for sweepstakes!

Mr. BERTRAND (Laurier): Well, perhaps a lot of people who did not vote are of my opinion. Anyhow those who took the trouble to vote were three to one in favour of lotteries.

Since this bill was introduced, something very important happened. There was a drawing for the Irish Sweepstakes for the benefit of the hospitals in Ireland. The newspapers tell us that in Toronto alone there were about 300,000 people who had bought tickets, and that three times a year Torontonians were buying tickets to the extent of $1,000,000 each time. Does it not strike anyone that this money which is going to foreign countries should be made to stay here?

Mr. BARBER: If this legislation were enacted, would it stop the sale of Irish Sweepstakes tickets in this country?

Mr. BERTRAND (Laurier): My answer is that it would stop it to the extent that legislation for the control of liquor has stopped the illicit sale of liquor. I do not see why, if the government of Ontario or Quebec or any other province are interested in selling something for the benefit of their hospitals or universities, they would not go to the trouble of stopping illicit sale. I am sure they would to a very large extent. I do not know why any Canadian would buy tickets for the Irish Sweepstakes when he could buy a ticket here the benefit of which would go to a charitable institution in Canada.

Mr. STEVENS: He does not buy his ticket for that purpose.

Mr. BERTRAND (Laurier): Well, that is a question. I would not go to the extent of agreeing with my hon. friend, who implies by his question that the 300,000 Torontonians who buy tickets are buying them just for the sake of winning a large amount of money. It is the pleasure of buying the tickets.

Some hon. MEMBERS: Oh, oh.

Mr. BERTAND (Laurier): The average intelligence of Canadians is high enough to know the chances they have when they buy a ticket. But they buy it for the pleasure of it. And the pleasure would be much greater if they knew that the money was going to be invested in something that would benefit the community. We have a law which was passed in 1936. I do not know whether hon. members realize that when the best newspapers of Canada published last March the results of the drawing of the Irish Sweepstakes they were committing a criminal offence for which the president or general manager could be sent to gaol for one year. I have some newspapers here, among them Le Canada, which is a good newspaper, the Montreal Gazette, the Toronto Globe and Mail, all the newspapers of Ottawa; yet according to this law passed in 1936 amending the criminal code they committed an offence for which the manager or president could be sent to gaol for one year. It shows the fallacy of such laws. Let me read it. I leave out the words which are not necessary for the purpose of this argument. It is 1 Edward VIII, chapter 29, paragraph 7, amending section 227 of the criminal code. Common betting place is now defined as:

> . . . an office, room or place which is opened, kept or used for the purpose of facilitating or encouraging or assisting in the making of bets upon horse races by announcing the results of horse races whether such horse race takes place in Canada or elsewhere.

If we have reached the stage where we can put upon our statutes laws creating criminal offences which can be committed publicly right at the door of parliament, it is about time that we see to it, when we know that so many millions are going out of the country for this purpose.

I said the purpose of the bill is not to encourage the gambling habit; it is to keep that money here—

Mr. SPEAKER: I am sorry to have to interrupt the hon. member, but he has exhausted his time to speak.

Mr. BERTRAND (Laurier): I was just going to conclude. In the argument on this question in this house in 1934 the Prime Minister of that day, who is now the leader of the opposition (Mr. Bennett), quoted some lines written as an epitaph by Hone, when George IV ended what his father George III had done and stopped lotteries. This epitaph indicated that lotteries in England were killed forever. Yes, Mr. Speaker, killed at the rate of £18,000,000 in three years just for the Irish Sweepstakes: I much prefer the verse of Rudyard Kipling in which he says:

> If you can make one heap of all your winnings,
> And risk it on one turn of pitch-and-toss,
> And lose, and start again at your beginnings,
> And never breathe a word about your loss.

If he were the hon. member for Broadview (Mr. Church) I think he would vote for this bill.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, when the hon. member introduced his bill on March 15, he gave us his arguments in support of this measure, and I think that this evening he has added very little to those arguments.

First of all, he claims that this measure will put an end to illegality. That is a mere statement; there has been no information brought forward indicating that it will work in that way, and although one cannot bring statistical proof in a matter of this kind, undoubtedly general experience would seem to indicate that legalizing sweepstakes rather tends to encourage the practice of gambling. In any case there has been no evidence whatever brought before this house that it would put an end to it.

Again we are told that legislation of this kind might divert some of the money which now goes to Ireland. Again that is a hope, but notwithstanding what the hon. member has said to-night—

Mr. BERTRAND (Laurier): If it is true that so many millions of dollars are going there, what else can we do to stop it?

Mr. WOODSWORTH: That is entirely another matter. This is not going to stop it; there is no evidence whatever that it will do so. In my judgment, which I give for what it is worth, if we go in for this sort of thing and encourage it, it is more likely to lead to still larger amounts going to Ireland or any other place where people think they can get something for nothing.

We are being asked to endorse this measure on the ground that it will help to support hospitals and universities, particularly the university of Montreal. Well, I am not going to be led away by an appeal for sympathy for one particular institution in one particular province. In dealing with the criminal code we should think of the whole of Canada, the welfare of all the people, rather than the welfare of some particular institution. I go down to Montreal now and I find that they support their hospitals, in part at least, by a tax on food. You cannot get a meal in a restaurant without paying that tax. I do not see why the wealthy municipality of Montreal and the comparatively wealthy province of Quebec cannot support these hospitals, as other provinces are able to do, through the taxes of the people or through voluntary effort.

Mr. BERTRAND (Laurier): This is a tax.

[Mr. E. Bertrand.]

Mr. WOODSWORTH: No, no. I wonder that the hon. member suggests that; I cannot see anything analogous to a tax in this proposal. The hon. member says:

—if this bill were passed almost everybody, even the unemployed, would readily buy a ticket to take a chance on a sweepstake for the benefit of our hospitals and universities.

The hon. gentleman has just said that this is a tax; and, if it is a tax, he proposes to tax even the unemployed. That is going a long way. I should say the equitable way—decent thing—would be to tax the wealthy, who can easily afford to pay such a tax, not to try to wring it out of the poor people, even the unemployed, on the odd chance of their winning something. What a policy! Extract the very last drop from the poor, in the vain hope that by taking a chance of this kind they may get something out of it!

The hon. member administered a rebuke to the Social Service Council of Canada. Possibly it was merited; that is, if we interpret that statement which was read into Hansard as meaning we should not pass this legislation because of the effect it might have on church givings. I am not quite sure whether or not that is what it means, but I would say that churches and charitable institutions are in a very bad way indeed if they must live through the avails of a prostituted desire for gain. I hope the churches and charitable institutions have not sunk quite so low as that.

The hon. gentleman goes back several hundred years and tells us that some of the big universities were founded through lotteries. I have not checked that statement; it may be so, but in those days we had slavery and a great many other evils which we have since outgrown. He says the universities were born in sin but they are not looked down upon to-day. Well, to put it in other words, that means that the end justifies the means. I think that is one of the ideas underlying the appeal we have heard to-night, that the end justifies the means. Some of us cannot accept that teaching.

The city of Vancouver has been lauded by the hon. member for Laurier. If he will go to Vancouver he will find that in that city birth control is openly advocated. I do not know whether or not he will laud that, but to be consistent he should be rather inclined to look to Vancouver for a lead along this line.

Mr. BERTRAND (Laurier): I did not go back two, three or four hundred years, in making my statement about universities, because I could not find any examples to give as of to-day. Russia is one country where

they have sweepstakes organized by the government; other countries are France, Spain, Italy, Germany, Denmark, Holland, Luxemburg, Australia, New South Wales, China, Sweden, Turkey, Mexico, Panama, Cuba, Serbia, Algeria, and the Argentine Republic.

Mr. WOODSWORTH: The hon. gentleman gives us some further information. I am rather surprised that he goes to Russia to find an example. The other day he said:

—after all, universities like Oxford, Harvard, the University of Paris, were all started on lotteries—

That was the statement to which I had reference. If I understand it aright, the principle underlying gambling is that we are trying to get something for nothing. "Something for nothing"—that is the underlying principle. Strip away all these other special pleas. It is the desire of certain people—and I think it is well founded—that in this way they can raise more money than in some other ways, but down underneath they rely upon the all too prevalent desire to get something for nothing.

I admit that the defeat of this legislation will not prevent gambling of a more serious kind, gambling in real estate, on the grain exchange, in stocks and shares and that sort of thing. Big gambling of that kind, which in my judgment is a much more serious type of gambling, is not touched by anti-gambling legislation.

Further, I submit that there is a difference between a man making an odd bet—whether or not that is justified I am not going to discuss—and the legalizing by this parliament of sweepstakes as a method of carrying on the necessary institutions of our country.

It seems to me, Mr. Speaker, that this country was founded on the ideal that prosperity should come to people not through chance but rather as the reward of patient industry. I do not think it is in the interest of our people that we should turn ourselves into a nation of gamblers even to support the various concerns that need assistance. We have generally gone on the principle that people should support worthy institutions either by means of taxation or by means of voluntary contributions. The change proposed would be a backward step. I believe that more and more we shall have to raise our funds for social services through taxation. That is the fairest way of doing it, because in that way the incidence falls upon those who are best able to bear the load. Undoubtedly there are a great many things which will still have to be cared for by means of voluntary gifts. I hope in such cases, we shall still continue to be in a position to give freely without having to be induced to give by the thought that possibly we may get back more than we give.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I rise to take part in the debate because of convictions which may be just as strong as those which prompted the hon. member to sponsor the measure. May I, first of all, congratulate him upon the literature he has been reading lately. We have been taught by our early teachers that the more we read about a thing the more we become like it; I would say that the New Outlook would come in the first rank of clean literature in Canada, and I should like at this time to pay tribute to Mr. Mutchmor, the social worker who wrote the article. I know the gentleman well; he is a better man than I am. I might not compare favourably with the hon. member who sponsored the measure, but I do know that Mr. Mutchmor is a better man than I am, morally, spiritually and intellectually. It is for that reason I believe that he would compare favourably with the best men in the house.

I did not get my reasons for opposing the bill from the New Outlook; I got them from my dad when I was a very small boy, at a time when I bet threepence on a donkey race. My dad talked to me reasonably and sensibly, and I believe that at that time the desire for gambling was nipped in the bud. I did not see much good in it then, and I do not see any good in it now.

I have three reasons for opposing the bill, and in the first place I would put the economic reason. A system of sweepstakes would be bad economics. I am sure there is not a member in the house who would not do his best to find some economic system which would kill unemployment, which would bring production to the highest point and distribution to the point of perfection, and all with the least possibly injury to any human being. I am convinced, however, that this end cannot be achieved by instituting a system of sweepstakes. When we are laying the foundations for the youth of Canada, the land of our adoption, we must think of those people in church, state and business who have tried to keep God first and others next. I am convinced that they have laid the foundation well, and woe betide the individuals who would try to switch us from that rock, the foundation on which we build.

The hon. member has said we should keep our money in Canada. I am wondering if there would be any sweepstakes tickets sold

in the United States. As a boy I was taught that if I gave anything for a benevolent purpose, whether it was for a hospital or for a charity of some kind, I was to forget about it. I was told that if you cast your bread upon the waters it would return to you after many days. I say, therefore, that when we give $2.50 to a hospital we should not expect a cash return. Our payment would come through the well-being of those to whom we gave it.

When a man spends $2.50 he should expect to get at least three per cent for his money. I believe the Minister of Finance (Mr. Dunning) would say that that is a reasonable amount.

Mr. DUNNING: It is a little high.

Mr. McIVOR: But when you purchase a sweepstakes ticket for $2.50 you have no assurance that you will receive back your money plus a small additional sum.

Mr. BERTRAND (Laurier): May I point out to the hon. member that if he were giving the money to charity, he would not expect such a return.

Mr. McIVOR: That may be so in theory, but it is not true in practice. If I buy a sweepstakes ticket, I am throwing in my lot with all the rest in the hope of getting $150,000, or some other enormous sum.

It has been said that licence kills or hurts the drink business. I am not so sure about that, and especially when I see that in Ontario we have a drink bill amounting to $72,000,000, a sum of money which would put a great many people to work. Who buy the sweepstakes tickets? We do not find any of the Scotch buying them—at least not many of the Scotch. They do not buy because they recognize that a system of sweepstakes is bad economics and represents a poor investment. We do not find any of our Hebrew brethren buying sweepstakes tickets; they recognize them as a bad investment and very poor economics. For the government to invite people to speculate, without even the pretence of promoting industry, is to hinder recovery, check stabilization and frustrate orderly development.

I find that the intelligent press is against sweepstakes, and in that connection I would quote the Ottawa Journal. Had I the time I could quote the Montreal Herald and the Montreal Gazette along similar lines. The Ottawa Journal makes the statement that lotteries are bad and, without reading the editorial may I point out that not one sentence in it is in favour of a system of sweepstakes. I was amused when at one point the editor states:

> The comparison of sweepstake with a horse race or a modest bingo game is far from exact. In the one case there is the element of amusement and the wager, if an important by-product, still is not the whole thing. But money spent for a sweepstake ticket brings no such return in entertainment.

A group of Chinamen may sit around a table and play their game of hong kong—or whatever you call it—and have a little fun. But when one buys a sweepstakes ticket I wonder what fun he gets from it?

The argument I use with greatest force and sincerity is that it is bad morality. The old commandment says: "Thou shalt not covet." I read somewhere that if you break the moral law, the moral law will break you. We must remember the commandment: "Thou shalt not covet." I do not think the parliament of Canada, with its three great divisions of King, Senate and House of Commons, can improve upon that moral law.

When I buy a sweepstakes ticket for $2.50, what do I expect to receive in return? I expect a return not only from my ticket but from the tickets of thousands of others, possibly 400,000 of them. It is bad morality, and it is a system whereby we covet what the other man has or may expect to get. When we attempt to support hospitals by sweepstakes and an appeal to the gambling spirit we are using a low method of supporting any cause, whether it be moral or philanthropic.

Mr. Speaker, I say most respectfully that I try to reach the chamber on time each day regularly so that I may hear you coming before a great parliament and praying to lead us not into temptation. Yet I see people going through the country trying to convince our youth to buy sweepstakes tickets. I see a man of mature years approaching a young man and saying to him, "Here is a sweepstakes ticket; it will cost you only $2.50; take a chance." What is that man doing? It is against the temptations of such men that we must pray, "Lead us not into temptation." Those men are leading the youth into temptation when they offer tickets for sale at $2.50.

I cannot but think of some of the great institutions in Canada that get along very well without subscriptions of this type. We must take off our hats and pay our respects to an organization like the Salvation Army which does its work without respect of persons. If they resorted to sweepstakes for funds to carry on their work, they would be

doomed. They have far more sense than to do that. The Canadian people do not need to have their sense of generosity stimulated by the hope of winning a sweepstake.

It is bad politics. I have great admiration for the premier of Ontario because I believe he has done many great things. However, I disagree with him in his stand on this question. I admire the members of his government who would not support the principle of sweepstakes. If I supported this resolution, I would be giving the premier of Ontario the right to give me a special appellation.

It is bad morality and it is bad politics. In 1906 an act was passed in England prohibiting betting and wagering in the public streets. That country understood the viciousness of anything in the way of sweepstakes. I should like to quote an editorial which appeared in the Montreal Gazette of May 3, reading as follows:

> Contrary to universal opinion, the hospitals of Ireland are not in clover because of returns from sweepstakes, to which money is contributed from all quarters of the globe.

The Montreal Gazette is opposed to the principle of sweepstakes because it is bad morality, bad economics and bad politics. An editorial in the Montreal Herald reads as follows:

> Medical men of Dublin, Ireland, are attacking the hospital sweepstakes, declaring that they have greatly injured the voluntary hospitals of the city.
>
> At the annual charter dinner of the Royal College of Surgeons in Ireland, prominent medical men and others attacked the system.
>
> They declared that the sweepstakes were started to help the hospitals but the government had stepped in and was collecting a tax of twenty-five per cent of the funds and diverting it to other causes. Out of this had sprung a demand for a municipal hospital and the scrapping of some of the voluntary hospitals which have been useful for many years. The protests may develop into a concerted drive against the sweepstakes.

Both the Montreal Gazette and the Montreal Herald are opposed to the introduction of sweepstakes into Canada. Many of our leading citizens are also opposed to sweepstakes. We have only to look around us here in this chamber to see many who are opposed to sweepstakes. The Prime Minister (Mr. Mackenzie King) has declared himself against this thing. The right hon. leader of the opposition (Mr. Bennett) has declared himself against sweepstakes. The Postmaster General (Mr. Elliott) took action in the city of Brandon and would not permit advertising of sweepstakes to be carried through the mails. I take off my hat to the Postmaster General for taking that action. I pray that it will not be long before he is back in the house. I admire him for his courage and the willingness to do the square thing. I see another man in this house who is opposed to sweepstakes, a gentleman whom I have known for forty years, the leader of the Cooperative Commonwealth Federation (Mr. Woodsworth). I would imagine that the leader of the social credit group (Mr. Blackmore) is also against sweepstakes because he does not believe in handing out money without getting something in return. Another reason for his opposition would be his own personal Christian character and his good, sound economic common sense.

It is the task of every good citizen to oppose gambling in every form, whether it is said to be for a good or for a selfish purpose. Our leaders have given us the lead and it is our duty to follow. I agree with those who say that we have no right to tell a man how he should spend his money. But, when it becomes a matter of public policy, we should let our judgment and conscience speak. The foundation of our great country is laid upon our faith in God and the common welfare of our fellow men, and we should not be afraid to take a stand and vote against something which is not in the best interests of our fellow citizens.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I should like to make just one or two observations with regard to this matter. Several preachers have spoken against this bill, and it would look as though this is a great day for preachers. It may be thought that we are assuming to be the custodians of the morals of the country. That is not necessarily so; but perhaps it may be said that the clergymen of this country, to use that term in a general way, are more or less responsible for the morals of the nation. They should be anyway. I am not saying that they are making a good job of it, but they should be and are interested.

I should like to follow the hon. gentleman who has just spoken (Mr. McIvor) in what he has said with regard to the premier of Ontario. I have always regarded that gentleman as being a great man, but I did not relish the crack he took at the clergymen when he was commenting on their attitude toward his bill. It may be said that this is not the business of the clergy; but if it is not their business, whose business is it? I do not suggest for one moment that the sponsor of this bill is sponsoring it because he desires sweepstakes as sweepstakes. I give him credit for sponsoring this bill because he sees in it

a new avenue by which money can be obtained for education, health and other purposes.

Mr. BERTRAND (Laurier): Whereby money can be saved.

Mr. HANSELL: I do not know just how money would be saved. I rather agree with those who have spoken already when they say that to legalize sweepstakes will not necessarily keep any money in this country. We are continually looking for new sources of revenue. The hon. member for Fort William has referred to the economic aspects of this bill, but I should like to approach the matter from another angle. The hospitals, the universities and the other institutions that are in need of money, are in need of money because there are only two sources from which governments can get it, that is through taxation or by borrowing. The only other possible means of revenue is by some bill such as this. I do not intend to go into a discussion of social credit policies at this time, so no one need worry.

There is no reason in the world why we cannot make our economic system so fit into the picture of our national life that these institutions will be cared for and have the money they need, and that people who are ill or need false teeth or new glasses or whatever else they may require will be able to get it without the hospital authorities having to go begging. These institutions should have the money that a proper money policy can give them, and that is my argument against sweepstakes being permitted simply because they are a source of money.

I referred to the clergy a little while ago. It is their business to be, and they are, interested in anything that is for the welfare of mankind. I am wondering though, and I think I can speak along this line because I am one of the clergy myself, just how far the clergy of this country have studied the money problem and diagnosed the situation as it exists in regard to the creation of money, and whether it is not possible for money to be created, as it now is, for the purpose of running our national life—and you can apply that not only to the upkeep of hospitals but to the problem of relief. I have been in a good many ministerial meetings and listened to a good many speeches over the radio on such things as the degradation caused by improper housing, and I have listened to speakers on behalf of charitable institutions; but my impression has been, with my little knowledge of economics, that the speakers have not really gone to the root of the matter. It does not help the situation to give someone something out of our own pocket simply because that individual has no money. That does not remedy the economic problem, though it may help the individual to get by for an hour or two.

While I am on the subject of the clergy, I would say that it is the principle of running lotteries that we have to deal with. Unquestionably gambling is involved, and I do say, and perhaps this is one way in which I can bring the matter to the attention of the clergy of this country rather than by speaking to one or two locally, that we must sweep our own doorstep first. I say to the house through you, Mr. Speaker, that the principle of gambling, whether it is done through buying a sweepstakes ticket or a ticket for a raffle held in the basement of a church, is the same in both cases. I would suggest that the principle is a little bit worse in a lottery because when you buy a sweepstakes ticket you can at least pick your horse.

Some hon. MEMBERS: Oh, no.

Mr. HANSELL: Some of my hon. friends do not agree with me. That shows I am perfectly honest in saying that I have never bought a sweepstakes ticket in my life.

Mr. EDWARDS: You are the only one in the house who has not.

Mr. LEADER: No, he is not.

Mr. HANSELL: In a raffle you take a chance and get what you pay for; but if you buy a sweepstakes ticket and win, somebody else has to pay for what you get.

I believe, Mr. Speaker, that the way to approach this question is not to deal with an individual matter like sweepstakes. There are other matters along the same line. It is not only hospitals that need money but universities, and many doctors in this country need money. There are a good many medical men in Canada who cannot collect their accounts to-day. I read in the Lethbridge Herald that at a medical convention in Saskatchewan the doctors threatened to move out of the province because they could not make a living there. So if you are going to have sweepstakes, the doctors should come in for a slice too. You can carry it to any extreme, and include all sorts of institutions. Where are you going to end once you legalize sweepstakes? The principle involved in the bill is one of gambling, and I am against anything that would make us a nation of gamblers.

On motion of Mr. Rowe (Athabaska) the debate was adjourned.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Departmental administration, $425,720.

Hon. IAN MACKENZIE (Minister of National Defence): Mr. Chairman, before the hon. member for Vancouver South (Mr. Green) resumes the debate, may I say it is the intention to let this item stand after the general discussion has been concluded, so that any members now absent may discuss under this item any phases of defence policy. So, as soon as the discussion is concluded, another item will be called, and opportunity will be afforded to members present and those now absent to discuss all phases of defence policy under the item now before us.

Mr. H. C. GREEN (Vancouver South): Mr. Chairman, for a few minutes before the house adjourned just six weeks ago—when the defence estimates were last up for consideration—I had been dealing with the problem of the defence of Canada's Pacific coast. I had pointed out that for the protection of that coast against major attacks this government seemed to be relying upon the American navy, there being no British navy within seven thousand miles, the nearest naval unit being at Singapore. I had also pointed out that there was no adequate defence on the Pacific coast at the present time against minor attacks, such as hit-and-run raids by ships carrying aircraft, and attacks to establish bases on our coast. I think the Minister of National Defence will admit that so far we have not on the Pacific coast adequate defences to protect ourselves against these minor attacks. I think he will also admit that defence against minor attacks is what is known throughout the British commonwealth as local defence, and as such is the responsibility of Canada alone. That principle has been established throughout the commonwealth for many years, and I would refer the members of the committee particularly to the summary of the proceedings of the imperial conference held in 1923, at page 16, in paragraph 3 (a):

> Subject to this provision, the conference suggests the following as guiding principles:
> (a) The primary responsibility of each portion of the empire represented at the conference for its own local defence.

That principle was reaffirmed at the imperial conference in 1926, and again at the conference in 1937. At all three conferences the Canadian delegation was headed by our present Prime Minister. The principle means simply that Canada must defend her own coasts against minor attacks; and as minor attacks are the only danger at the present time, on the Pacific coast at least it means that those Canadians who live on the Pacific slope must look to the Canadian defence forces for protection.

There is the problem; and while the government is doing something about it—and I give the government and the Minister of National Defence credit for what has been done in the way of improving our defences on the Pacific coast—I submit that this government is failing utterly to deal with some aspects of the problem. I believe its greatest failure is that it has not provided, and apparently is not taking steps to provide, for an adequate coastal defence fleet. It is obvious that we must have such a fleet. The minister himself so stated during the Easter recess, and if the newspaper report from which I propose to quote is not accurate, I would ask him to correct it. It is an article appearing in the Vancouver Daily Province reporting the minister's speech in that city two or three weeks ago, and reads in part:

> For defence of our focal sea areas we need sea and air forces capable of destroying hostile surface craft, submarines and air raiders. This requires reconnaissance, fighter and torpedo-carrying aircraft, and adequate naval strength.

Then he went on to say:

> To defend our neutrality we need constant patrol of our coastal area by auxiliary surface craft and aircraft, bombing aircraft to destroy bases, means to dispatch small expeditions.
> It is contemplated that naval and aircraft will patrol the entire coast from their respective stations.

That all means that we must have an adequate fleet on the Pacific coast. He might also have mentioned the fact that we have on that coast to-day at least 1,200 Japanese fishing vessels operating in and out of the different harbours and ports, which might have to be dealt with in the event of hostilities with Japan. In his speech in introducing the defence estimates, the minister said as reported at page 1647 of Hansard:

> A certain amount of priority has been established after deliberation: first for the air services; secondly, for naval defence; and thirdly, in regard to the repairing of deficiencies in equipment of militia services, permanent and non-permanent.

That is the position taken by the government itself; yet what do we find? In these estimates provision is made only for two secondhand or used destroyers, which are to be purchased from Great Britain. These ships are to be placed on the Pacific coast where we shall then have four destroyers and two mine-sweepers. That will be the extent of our fleet. Apparently the government is

buying odd ships from year to year; it appears to have no plan whatever as to the size of a Canadian navy or as to the time when it is to be completed.

If there is a plan, it should be announced. The Canadian people should be taken into the confidence of the government just as has been done in Great Britain and Australia; within the past few weeks we have seen press reports of the ships to be added to those other empire fleets; surely the Canadian people are entitled to have similar information with regard to the Canadian navy. One would think that the Department of National Defence would at least have decided upon the minimum naval requirements for the local defence of the Canadian coasts. If so, the Canadian people should know what that plan is. If the department has not such a plan, it is derelict in its duty.

I can find no report anywhere of plans for a Canadian navy. The only thing of the kind I have been able to trace is the recommendation submitted by Admiral Jellicoe when he came to Canada in 1919 on a naval mission at the request of the then Canadian government; he recommended in his report, at page 10, chapter 1, dealing with the naval requirements of Canada, paragraph 4:

> The question of the naval forces required by Canada may be viewed in two ways: first, in the light of Canada's own requirements, and Canada's own safety; and secondly, in the broader light of the security and safety of the empire as a whole. The naval force suggested as adequate purely for the protection of Canada's trade and Canada's ports under the conditions assumed, comprises—

And this is what he recommends as a minimum for a Canadian defence navy:

—three light cruisers, one flotilla leader—

Which, I believe, is a large destroyer.

—twelve torpedo craft, eight submarines, with one parent ship, and certain auxiliary small craft for training purposes, etc.

That was immediately after the great war when the danger was nothing like what it is at the present time. It does seem perfectly clear that in Canada we require at least one or two flotilla leaders and more destroyers as well as submarines, motor torpedo boats, and submarine chasers which can be used to attack hostile fleets. We have at the present time no ships for that purpose. We also require craft for laying out and protecting mine fields and a mosquito fleet to patrol and protect our inlets. All these small craft could operate only within a few miles of our coasts, so that no one could say they were for purposes of aggression. I suggest that a coastal defence fleet of this type might be established this year—not in four or five years, but this year—by borrowing ships held by Great Britain in reserve. I understand that they have many ships of this type being held in their ports in reserve, which could be on loan until Canada had completed her own navy. Many of the smaller ships could be built here. We have shipyards that could do that work, and it would give a great stimulus to the shipbuilding industry of the country. The government could take steps at once to start a building program for the construction of a defence fleet. So much for the navy.

Then, I submit that the government is not facing the problem of defending our coasts, because it is taking no adequate steps to have not only ships but also aircraft, guns, munitions and equipment manufactured in Canada. There is a plaintive wailing by the government about being unable to buy: they cannot buy anything; their hands are tied. The minister said, as reported at page 1648 of Hansard:

> Difficulty has been experienced with reference to obtaining deliveries, and that has accounted for another part of the reduction.

At page 1649:

> With reference to militia services there has been carried out by the department what is known as an interim plan of armaments for both coasts. This is a result of the fact that heavy ordnance cannot be acquired from British concerns for a period of about three years.

In other words, we have to sit back and be inadequately defended for a period of three years. Canada might just as well face the fact now that other nations are too busy preparing to defend themselves to be able to sell us arms; that if Great Britain is at war we cannot expect to get war material from her; and that future wars will be largely mechanized, requiring primarily machines which we are able to manufacture in this country if only we have the energy to do so.

Then, the government is not facing the problem of defending the Pacific coast, because it is not setting up naval or defence reserves on that coast. There are many strategic points on the mainland and the islands which should be held by the government; the property there should be acquired. There is nothing at all now to prevent, for example, the Japanese government from indirectly acquiring land, timber rights or mineral rights, at these strategic points or near our bases or fortifications. As a matter of fact, we hear rumour after rumour that such is the case. This is not good enough; the government should reserve these strategic points. I suggest to the minister, with all the seriousness I can, that he have a survey

made as soon as possible of the ownership of the land and timber and mineral rights at these strategic points and near fortifications and bases, and particularly a survey such that it will show which of these lands and rights are held by or for foreigners.

The government is also failing to face the necessity, from a military point of view, of highways to the Pacific coast. At present we have no highway across British Columbia. The trans-Canada highway is impassable because there is a gap of about thirty-three miles; the government builds a little this year, a little next year; it is to be completed in 1939, we hope; but that road should be completed at once, because it is a strategic road. Further, there is no road through southern British Columbia; there is a gap in the Princeton-Hope road of about thirty-seven miles, which should also be built for strategic purposes; and we should have a highway through to Prince Rupert or Stewart. These would all be strategic highways and should be the concern of the Department of National Defence as well as, say the Department of Mines and Resources.

Finally, in connection with the failure of the government to face this problem of defending the Pacific coast, I doubt very much whether there are sufficient trained men in British Columbia to man the fortifications we have there, or will have, to protect the bases, and to repel raiders. I believe there are one or two hundred men of the permanent force—the minister can correct me if I am wrong—and according to the last report of the department, about 2,550 men of the militia. That is the total number who underwent training. I suggest that the minister allow the British Columbia units to recruit up to a strength which will provide the people in that province with a force sufficient to man the fortifications, protect the bases and repel raids; further that these militiamen on the coast should be fully equipped at once and given the best training possible. It is not fair to men who volunteer to risk their lives in the defence of the country to leave them half-equipped and half-trained. Nothing is more unfair on the part of a national government.

I suggest that these features of the problem of defence of our coasts are sufficiently serious to warrant an investigation this year by a special committee of this house, representative of all parties. I believe it would be possible for us to agree unanimously on a policy for the local defence of our coasts. That agreement can best be obtained if the government will set up a special committee, with all parties represented on it, and place all the facts before that committee. So much for the problem of local defence.

Turning to the broader aspects of Canada's defence problem, the minister admitted, and I think will admit to-night, that Canadians can defend themselves against major attacks only by cooperating with other nations; for example, on the Atlantic with the British fleet. It is quite clear that Canada must cooperate with the other nations of the British commonwealth. Actually the government is doing so now, but will not admit it. This pretence that we are not cooperating with the other nations of the British commonwealth, this "Hush, hush" policy, misleads the Canadian people and weakens the British Commonwealth of Nations in the eyes of the other nations of the world, and the result is to hurt us here as far as the defence of our country is concerned. Actually every Canadian government since the war has cooperated in defence measures with the other nations of the commonwealth. One has only to refer to the imperial conference summaries for 1923, 1926, 1937. Our present Prime Minister was in command of the Canadian delegation at each of those conferences, and we find the principle laid down as clearly as possible that Canada is to cooperate with the other nations of the empire in defence. In 1923 they stressed naval bases at page 16 of the summary of proceedings: in 1926, air bases, at page 29. Then I quote from the summary of proceedings for 1937 at page 12:

> Though we shall discuss other important subjects, we are agreed that questions of foreign affairs and defence shall be our main subjects.

At page 1649:

> The conference gave close attention to the subject of defence, and considered ways in which it would be possible for the governments concerned to cooperate in measures for their own security. The occasion was taken for a detailed review of the state of defence in each of the countries represented at the conference and this opportunity was generally welcomed.

At page 18:

> The conference recognized the vital importance of measures to safeguard maritime communications, including routes and waterways essential to defence and trade, and to provide naval bases and facilities for repairs and fuelling of ships.

At page 19:

> The conference also recorded the progress made by the several governments in creating and maintaining an adequate chain of air bases and refuelling stations along the lines of communications between the different parts of the empire.
>
> The conference noted with satisfaction that in accordance with recommendations of previous conferences a common system of organization and training and the use of uniform

manuals, patterns of arms, equipment, and stores had been adopted, as far as practicable, for the naval, military and air forces of their several countries. Each of them would thus be enabled to ensure more effectively its own security and, if it so desired, to cooperate with other countries of the Commonwealth with the least possible delay. The interchange of individual officers of the naval, military and air forces of the countries was recognized as conducing to the dissemination of the experience acquired by the officers concerned under the widely different conditions existing in various parts of the empire . . .

The conference gave careful attention to the question of munitions and supplies required for defence both by the United Kingdom and other parts of the Commonwealth, and also to the question of the supply of food and feeding stuffs in time of emergency.

In other words, Canada is in alliance for defensive purposes with our kinfolk, the other nations of the British commonwealth. It is the safest and wisest defence program we could adopt. All these British nations are aiming at peace and not war. At page 13 of last year's imperial conference summary we find this:

Thus they agreed that for each member of the commonwealth the first objective is the preservation of peace. In their view the settlement of differences that may arise between nations and the adjustment of national needs should be sought by methods of cooperation, joint inquiry and conciliation. It is in such methods, and not in recourse to the use of force between nation and nation, that the surest guarantee will be found for the improvement of international relations and respect for mutual engagements.

Holding these views and desiring to base their policies upon the aims and ideals of the league of nations, they found themselves unanimous in declaring that their respective armaments will never be used for purposes of aggression or for any purpose inconsistent with the covenant of the league of nations or the pact of Paris.

Then, further down on page 14:

Being convinced that the influence of each of them in the cause of peace was likely to be greatly enhanced by their common agreement to use that influence in the same direction, they declared their intention of continuing to consult and cooperate with one another in this vital interest and all matters of common concern.

It is our safest course because all the nations of the commonwealth are trying to agree on the fundamental principles of foreign policy. For example, they are all trying to collaborate with the United States of America. Further, we know these peoples of the British nations; we know we can depend upon them; we know we can trust them. Those of us who served overseas know that, if trouble arises, you can have no better men beside you than the men from the other parts of the British Empire. There is very little risk of one nation of the commonwealth doing anything that will drag the others into war. We have seen that within the last few weeks, in the attitude taken by the Prime Minister of Great Britain. And remember this, Mr. Chairman: Any Canadian foreign policy necessarily must involve some risk, and my submission is that any other policy than that of working with the other nations of the empire would involve far more serious risks.

My complaint against this government is that instead of focusing the attention of the Canadian people on the fact that our foreign policy actually is a defensive alliance with the other nations of the commonwealth, with peace as the aim, and collaboration with the United States and friendliness with all nations, this government keeps harping on the fact that its hands are free, that it has no commitments. This government says: "Oh, we can be informed by the British government of what goes on; but we cannot be consulted, because that might involve some obligation upon us," as though the policy of working with the other nations of the British commonwealth were something to be ashamed of. This attitude on the part of the government is entirely out of line with the courage and clear-sightedness of the Canadian people. In my opinion the government policy could be best described as spineless.

Finally, in considering the question of Canadian defence and Canadian foreign policy one instinctively thinks of the nationhood of the Canadian people and of the Canada of the future. As a nation we have done many worthwhile things. For example, our part in the great war gained us the respect of all the civilized countries of the world. The part we have played in the League of Nations has been more outstanding than that of any other nation in the Americas. Like Great Britain, we have done what we could to further disarmament among the nations. We have become one of the leading nations of that group which ranks immediately after the seven great world powers; in fact, I believe even in population Canada is among the first twenty nations of the world. Canada is now at a fork in the road. Are we going to bury our heads in the sand, and depend upon other peoples for our defence, which means for our very existence? Are we going to refuse to look beyond the borders of Canada? I would suggest that the attitude of this government would lead any reasonable Canadian to believe that such was the case at the present time. If we take that road, probably we shall end up as a small American republic. Or are we going to continue to be a nation, taking a worthwhile part in world affairs, facing these problems

of defence and foreign policy frankly and fearlessly and letting the other nations of the world know exactly where we stand, yet with world peace always our main objective? This government, with its great majority, the largest number of followers any Canadian government has ever had—I sometimes think they would be glad to lose a few of them—should be the strongest government Canada has ever had. It has a great opportunity to give leadership to the Canadian people in connection with these problems. If it will remember the Canadian character; if it will act with the initiative, the soundness, the friendliness and the courage of the Canadian people, it will not delay any longer in leading them along the second road.

Mr. C. E. JOHNSTON (Bow River): At the outset I wish to say that I agree almost entirely with what has been said by the hon. member (Mr. Green) who has just sat down. I particularly noted one expression he used, that all nations were seeking peace. I think that statement is true, generally speaking; I do not think of any nation that would be an exception to that rule. I believe every nation in the world—

Mr. MacINNIS: Does the hon. member think Japan is seeking peace?

Mr. JOHNSTON (Bow River): I shall come to that in a moment. I have learned that when a lawyer is faced with a question he does not want to answer, he always says he will come to that in a moment, and I am learning from the lawyers. I think Germany is seeking peace. I do not think the people of Germany want to go to war any more than we do. I cannot bring myself to believe that the German people are desirous of throwing themselves into a conflict.

Mr. BAKER: Have the people any say in the matter?

Mr. JOHNSTON (Bow River): That is a different proposition. I do not think the people of Japan are any more desirous of having their young men go out and be killed than we are. I do not think China is any more desirous of war than any other nation. I do not think Italy desires war. The fact that the government of a country has thrown that country into war does not mean that the people share that desire. That is one thing that we are contending right in this country. If we went to war, would it be a case of the people desiring that war? I shall speak of that a little later on in my address; but I believe we have taken the wrong road, and I believe we are still taking the wrong road if we are looking for a permanent solution of this question of war.

From speeches I have heard in this house; as I have read the press, and from articles that have appeared on different occasions I have come to the conclusion that the greatest strife in this world is competition, which travels through nations, through dominions, through municipalities and right down to the individual. We have always contended that competition was the life of world trade; but I am not so sure that this has been the correct reasoning, especially when we look about us and see that, almost without exception, in the end this rivalry in trade leads to war. I think we had a very good example of that not so long ago in connection with the oil industry of Mexico, which showed just how nations may become involved in competition for trade and through large financial concerns. Rightly or wrongly the Mexican government took possession of the oil fields of that country. Immediately we had representations made by the governments of the United States and Great Britain in an endeavour to get back those oil fields. In that case I think it was the financial interests who were influencing the government, more than it was the desires of the people. Surely that was Mexico's own business. Yet we were interfering there with another nation in connection with the control of its natural resources. Whether that control was or was not going to be carried out to the best advantage of all concerned, we cannot say. Yet that was their policy.

I believe if we go back to find out the causes of war we would be getting nearer the solution. I am thinking now of war in the broader sense, and not of the war where there are battles for the purpose of killing people. We have war in the state from the rivalry of individuals. Man has to make a living; so he is continually combating his neighbour for a better economical situation, and this combat leads to keen rivalry. The individual reaches the state where he becomes financially embarrassed and must appeal to the municipality. The municipality on the other hand becomes equally financially distressed, and looks around for help. The municipalities must do that because they find great competition in financial matters. It is their desire to get a greater amount of revenue. Finding themselves at a loss they turn to provincial authorities, which are already overtaxed. It is not possible for the provinces to increase their revenues and so, in turn, they come to the only source left,

namely the dominion. Then, the dominion is so overwhelmingly in debt that it has almost reached the limit of its possibility of getting greater revenue. Facing that condition, the dominion must endeavour to borrow from other nations. It must try to meet its debts by increased trade, and eventually conditions become so intense that a physical war breaks out.

I read the other day an interesting quotation from the observations of Henry W. Morgan of Montreal, chairman of the executive of the Canadian Chamber of Commerce, in which he stated that to-day Canada had piled up an indebtedness of over eight billions of dollars, or about $800 per person. He pointed out, and properly so, that this huge debt would go on piling up indefinitely, and that inevitably there must come a day of reckoning.

We now have a rearmament program in which we are about to spend $34,000,000. In Great Britain they are spending thirty-eight billions of dollars or about $800 per person. There is a new seven and a half billion rearmament plan, and it will continue to grow. In the United States the national debt is about thirty-nine billions, or $325 per person; they have a new five and a half billion dollar rearmament plan, and it is still growing.

Where will this economic system lead us? Does anyone think that these huge debts can be paid out of taxation, or in some way, by people or governments, or that any government will solve this problem of debt by simply creating another debt? Our present debt system requires the formation of a system of national credit for the creation of wealth and happiness for our citizens.

We are coming closer to the real cause of war when our financing puts us into such a position that it is almost impossible for us to go ahead and prepare for war without creating a still greater national debt, a national debt which we shall never in the world pay off. The other day I was speaking with respect to debt to a very able man in this city, and he said he did not believe that it would ever be paid off, and added he believed that theoretically it would be wrong to pay it off. Yet we are going ahead and taxing our people. Over fifty per cent of the taxes they pay goes to pay interest on our tremendous debt. Without exception, every country in the world faces a similar situation.

What is the cause of this debt? Why has it reached such dimensions? I believe one of the greatest trading opportunities we have is right around us; our greatest market is right here in Canada. Until such time as we have satisfied the needs of our own people we should not turn our attention to other markets. We find all nations endeavouring to increase their trade simply because competition is becoming so keen. They are endeavouring to turn their attention to other countries. Why are they doing that? Do they do it because they want to go to other countries and kill? I do not think so. I do not believe Italy went into Ethiopia with only the desire to kill the citizens of that country. I do not believe, when Germany entered the last war, she did so merely for the opportunity of killing. She went to war for a definite purpose, namely to extend her boundaries.

Why did Italy or Germany wish to extend their boundaries? They had that desire because the great nations are becoming overcrowded and because they were searching for further supplies of natural resources. Circumstances compelled them to take such action. They have been compelled through circumstances which we, ourselves, as a world people, have built up. The whole matter has evolved itself into a European situation, one which, as was stated by the hon. member who just took his seat, in some way or another we must be above.

I do not believe we can sit idly by and permit ourselves to see the policies of other nations drawing us into a web which is eventually going to turn to war. It has been pointed out that in the house we must be cautious as to the remarks we make respecting the policies of other countries. There is a fear that observations might draw us into a serious situation which could develop into war. The European situation, however, has a bearing on the situation right here in Canada.

When we turn for a moment to look into the European situation we find that not very long ago Germany annexed Austria. It is somewhat of a coincidence that not long ago in this city I was speaking to an individual—not the one about whom I spoke a moment ago—who was well versed in foreign affairs. With respect to this question he said to me that the annexation of Austria by Germany should never have been permitted in the manner in which it was accomplished. He claimed that the greatest mistake was made at the conclusion of the last war, and it was his opinion that it was inevitable that Germany should take Austria. He then asked why we should prolong action until a time when Germany was forced to enter Austria and take it in the manner in which she did.

Germany learned a great lesson from the last war. We know how it developed—through transgressing the rights of Belgium. The

invasion of that little country was what caused the entrance of Great Britain. Germany has now learned her lesson. We see that this time she did not attempt annexation in that way, but was content to use another and a more clever device which achieved exactly the same purpose.

Since the last war Germany has grown up to be a tremendous nation, and it has been stated over and over again that she did not have sufficient people to do the work she had outlined. Someone may say, "Oh, yes, but she conscripted all her men for the army." I do not care what she did with them. The fact remains that there were no unemployed. We condemn her methods; but through all the criticism we pass upon Germany it must be clearly remembered and understood that the Germans are an intelligent people, and the very fact that the followers of Hitler are found in such large numbers is proof that the German people are doing a great deal of thinking. They must of necessity be behind Hitler. Whether his plan be right or wrong—

Mr. BAKER: Is the hon. member not going too far afield in his discussion of defence for Canada?

Mr. JOHNSTON (Bow River): I have not gone as far as some other hon. members. I am trying to keep in my mind the principles which lead to warfare, and I cannot see how I am out of order. I leave it to you, Mr. Chairman, to state whether or not I am in order.

Mr. BAKER: Surely the question of defence for Canada does not involve the affairs of Europe.

Mr. JOHNSTON (Bow River): That is a question we should consider.

Mr. MACKENZIE (Vancouver): With respect to the point of order, may I say that ordinarily the point raised by the hon. member would be well taken, but there was an understanding that under this item all questions of policy could be discussed by hon. members.

Mr. JOHNSTON (Bow River): I appreciate that.

Mr. BAKER: Of all other countries?

Mr. JOHNSTON (Bow River): I believe, if the world had taken advantage of the situation before Germany annexed Austria, we would have saved ourselves a great deal of trouble. As I stated last year—and I have not changed my stand in the meantime—I believe there should have been a conference of nations; probably the best results could have been obtained through the League of Nations, but such conference should have been held. Take the case of the annexation of Ethiopia by Italy. This conference could have been called, and if it could have been shown that Italy needed more territory or access to more raw materials in order to keep up her industrial life, then possibly these matters could have been settled. I do not say that consideration should be given to the need of materials for the manufacture of muntions. This is something to which we shall have to turn our attention sooner or later. We shall have to see that all nations are satisfied as far as their domestic requirements are concerned. Other countries that have natural resources in abundance may possibly have to cooperate. This is one of the things that must eventually come about.

I should like to refer to the invasion of Ethiopia by Italy because it leads up to another point in my argument. I think it is generally conceded that when that occurred most countries objected, but the tables have now been turned. It is rumoured that the British Empire is to concur in that annexation and permit Ethiopia to become part of the Italian empire. I cannot see how Canada will be able to keep out of these things. As the hon. member who has just taken his seat has said, when Great Britain goes to war, Canada goes to war whether or not we like it. That is stated definitely in the statutes of Canada. When Great Britain is at war, we are at war. If we are going to be involved in these matters, then I think we should give serious consideration to the manner in which we are going to be drawn into them.

There is another question in which I think Canada should concern itself. Mind you, Mr. Chairman, I am not saying that we should concern ourselves in these matters to the extent that we would be ready to take any part in action that might be taken by other nations. If we are going to participate in these matters, then we have to expect the natural results. There is another situation arising in connection with Czechoslovakia. In my opinion the geographical location of that country is such that it is bound to be taken over by Germany, not in the manner in which Germany attempted to expand in 1914, but in a manner more like the annexation of Austria. Who is there to stop her? No force was used in connection with Austria; it was simply a matter of nazi-izing, if I may use that term, the country. The same thing will occur in Czechoslovakia. That country is going to be taken over whether or not we like it. Russia has guaranteed protection to

Czechoslovakia. France has guaranteed protection to Russia. Great Britain has guaranteed protection to France. Where does Canada come in?

The point I wish to make is this: Is Canada prepared to enter a European war because of Czechoslovakia? Is Canada prepared to enter a war because of a conflict between Ethiopia and Italy? Is Canada prepared to participate in a war between China and Japan? Is she prepared to do these things any more than she would be prepared to go to war with Germany because of the annexation of Czechoslovakia? I think not. That is something about which we should not concern ourselves. As I have said before in this house, I do not think we should interfere with other countries. We should attend solely to our own affairs. I do not say that we should break away from the British Empire; I say that Great Britain should adopt a similar policy. If all the British Empire stayed together, there would be no difficulty. We should adopt the attitude of minding our own business and letting the other fellows do the same. This brings me more or less to the statement made by the hon. member who spoke a while ago, about this government having no commitments. I have in my hand a copy of an editorial which appeared in the Ottawa Citizen of March 18, 1938, and which reads:

Canada Should Keep Out of War

There is no hint of the Canadian parliament being consulted on Canada's war liabilities before the eleventh hour, but there is every likelihood that the Minister of External Affairs, Premier Mackenzie King, is being informed from day to day by the British authorities at Whitehall. They are, doubtless, anxiously looking for guidance in the task of determining British foreign policy.

A Canadian press dispatch from London yesterday stated that the United Kingdom government is "working in close consultation with the dominion governments in an endeavour to evolve a program to meet the increasingly grave international situation." It may be taken as highly probable that this Canadian press statement is based on information from official sources in London.

The people of Canada, even the representatives of the people in parliament at Ottawa, seem to be in the dark on Canada's position with regard to the situation in Europe. The members are rarely given an opportunity to express themselves on the floor of the house. They are easily discouraged from offering any guidance.

Without being consulted, this parliament sanctioned Premier Mackenzie King's decision to substitute His Royal Highness the Duke of York for Edward VIII as King of Canada. A similar decision to indicate—or to do nothing to indicate—the extent of Canadian cooperation with the United Kingdom in an impending European upheaval, without consulting the dominion parliament until after the event, could apparently be made without much protest on the part of members on parliament hill.

[Mr. C. E. Johnston.]

Whether or not that is true, I cannot say, but I do not think many hon. members will contend that the press is not telling the truth. If they do not tell the truth, then I take the stand I have always taken, that they should be forced to tell the truth. The evidence is that there is a close contact. When the Prime Minister (Mr. Mackenzie King) makes his statement with regard to the policy of this government, as I understand he will do in a day or two, I hope he makes clear the position of Canada. I should like him to state that this dominion will never participate in a foreign war without the consent of the people. There should be the consent of the people, not just the consent of parliament. It might be said that this parliament gave its sanction as far as Edward VIII was concerned, but that was given after the event. I hope the policy of this government will be made perfectly clear when the Prime Minister makes his statement.

I continue with the editorial:

At the same time, British statesmen seem to leave no doubt about the close cooperation of Great Britain with France. It is at this point that Canadian opinion would do well to be clear on Canada's responsibility as a member of the family of British nations.

It goes on to say:

Lord Halifax stated in the House of Lords last Wednesday that Great Britain is anxious to have the dominions as well as the people of the United Kingdom united behind any steps that may be taken to deal with the grave situation in Europe. Lord Halifax is reported as saying that British foreign policy must be conducted "so it may deserve and command support in this country of a united people, and in the dominions of a united empire."

If that statement is true, then it is manifest that Canada is going to take part, whether or not she likes it. It has been said that no commitments have been made, but apparently Great Britain has assumed that we have made commitments. Therefore, we are going to be held responsible. If this is not so, I should like the Prime Minister to make a definite statement in order to counteract the impression that has gone abroad. Apparently this is the opinion of the press and the people of Great Britain, and I think we should be very cautious. Our policy should be one of distinct neutrality. That is a very difficult road to follow. As I have stated before, I think we should have one of the best defended countries in the world, and I make no apology for making that statement. I should like to

see the Minister of National Defence (Mr. Mackenzie) spend more money on defence, although I may tell him quite frankly that I do not like the method by which he raises the money. But I think we should follow a policy of neutrality. Let us see whether we are following such a policy or whether we are making commitments, probably innocently, but nevertheless commitments.

I have a clipping here dated London, England, March 21:

> It was learned here to-day that the Chamberlain government's negotiations with Mussolini's representatives for a pact between London and Rome are nearing completion.
>
> Italian troops were reported withdrawing from Libya as a concession to Britain.
>
> The fact that Chamberlain is making a pact with Mussolini is greatly displeasing the public. Yesterday 20,000 people marched through the streets of London protesting such a pact and shouting: "Chamberlain must go!"

This is the part I want the committee to note:

> It is understood that the pact includes provisions for a large loan to the Italian dictator, whose country is near to a financial crisis.

If that loan is negotiated, will there not be a commitment? Will not everyone who subscribes to the loan be more or less involved in the outcome? I say that you are automatically committing yourself there, whether you like it or not.

We had a good many statements not long ago about a boycott; but the very fact that you boycott a nation means that you are taking sides. There again you are definitely committing yourself, whether you like it or not. Some persons suggested that we should send munitions to the loyalists in Spain to even things up. That may be all right, but as soon as you do that you are making commitments. That is not leading to the road of neutrality. You must be consistent. If you are going to keep out of these troubles, you must keep out of them entirely, and let these other nations work out their own affairs. All these things tend to develop a public opinion; whether intentionally or unintentionally is not the point; the fact is that they do develop public opinion.

There is one other thing which makes it exceedingly difficult for us to stay neutral, and that is the exportation of arms and munitions from this country. I hold in my hand sessional paper No. 204, which I asked for in the house some time ago. It shows the number of permits issued and the value of our exports of arms and ammunition. This was the answer that was brought down:

> 196 permits were issued from July 31, 1937, to date—

That would be about nine months:

> —for the exportation of arms, ammunition, implements or munitions of war.

That is an average of twenty-four permits a month. How can we stay neutral under those circumstances?

An hon. MEMBER: Why can't we?

Mr. JOHNSTON (Bow River): I will show you in a moment why not. Permits were issued to the number of thirty-four for the export of a total value of arms and ammunition to the United Kingdom of $233,295.83; to Australia, the total value of the shipments was $11,052.03, and the number of permits issued, twenty; Newfoundland, total value of shipments, $5,316.19, and fifteen permits issued; New Guinea, total value of shipments, $2,890, and one permit issued; New Zealand, total value of shipments, $5,000, and one permit issued; Trinidad, total value, $9.98, and one permit issued; the Argentine, total value, $90,336, and five permits issued; Brazil, total value, $550, and one permit issued; China, total value, $210,200, and thirty-five permits issued. We have shipped directly to China, a nation at war, arms and ammunition to help that country. Is that neutrality? I cannot conceive that to be neutrality because you are definitely taking sides. To the Dominican Republic we shipped arms and ammunition to a total value of $16,168, and one permit issued; Japan, total value of shipments, $43,500, and two permits issued. We shipped that amount of war materials to Japan. We are supplying both China and Japan with munitions. Is that taking the road to neutrality? Surely that is not a neutral stand we are taking. I think it is one of the most definite commitments we could make, and yet we are endeavouring to take a neutral stand. To Nicaragua we shipped arms and ammunition to a total value of $40,600, and two permits issued; Norway, total value of shipments $84, and one permit issued; Turkey, total value of shipments, $266,892.20, and three permits issued. To the United States, which is one of the best equipped nations in the world to manufacture arms and munitions of war, we shipped $59,134.46 worth of arms and ammunition, and sixty-nine permits were issued. I wonder where those munitions went after they were shipped to the United States. No doubt they went to Italy, China, Japan, or some other of the warring nations. Altogether we shipped arms and munitions to a total value of $1,051,781.69, and the total number of permits issued was 196. Those were munitions all ready for use; the figures do not include raw materials.

I have in my hand, another return, which I shall not read in detail, but it shows the amount of scrap iron or steel, aluminum scrap, brass scrap, nickel and copper that we shipped out of this country between 1935 and 1937. Let me give the figures for nickel. In 1935 we shipped out of this country 1,427,265 hundredweight of nickel, of a total value of $36,285,482; in 1936, 1,736,375 hundredweight, of a total value of $44,594,296; in 1937, 2,227,700 hundredweight, of a total value of $58,913,217. And we are taking a neutral stand! Think of the tremendous amount of war material we have shipped to these warring countries, and yet we are endeavouring to be neutral! We say we have made no commitments. It seems to me that our commitments could not be greater or more offensive to other nations than the very ones we have made in this way.

Here is another article headed, "Canadian delegate states Canada is arsenal of Japan." It reads in part:

> On Saturday the Canadian delegate declared that "Canada is the arsenal of Japan; but for war materials from Canada it would have been impossible for Japan to begin her aggression and impossible for her to continue it."
>
> Addressing 900 delegates from 19 countries, Mr. MacLeod declared that in 1936 Canada supplied Japan with 71·7 per cent of its aluminum for aircraft; 79·11 per cent of her copper and, directly or indirectly, 100 per cent of her nickel.
>
> "Any movement against Japanese aggression which does not lead to a government embargo on shipments of war material," he said, "would be absolutely meaningless."

I stated last year that I thought it was the government's duty to declare an embargo on shipments of war material, and I still think that is the proper course for it to take. Last year, when speaking on this question, the Prime Minister informed me that an investigation was being made into the manufacture of munitions to find out if any profiteering was going on. I have not heard of any report being made on that investigation. I think it was the proper course to inquire into the matter, and I think the report should be made public if there was an investigation, so that the public would know whether there was any profiteering or not in that industry. I have never contended that our manufacturers should make munitions for nothing; I think they should have a reasonable commission, and no one, I think, would contend to the contrary; but when it comes to profiteering I think that is wrong. When we ship arms and munitions to countries that are openly engaged in war, I think it is absolutely wrong and is leading us right into war, and I believe we should declare our policy most emphatically when the Prime Minister is making his statement on foreign policy.

I have no objection to defence; I believe we should be properly defended, and I think the suggestion made by an hon. member a short while ago in regard to the defence of our coasts is sound. He is an army man and knows better than some of the rest of us do what the requirements are, and no doubt the minister will avail himself of the information which that hon. gentleman has given. I would suggest, however, that defence divides itself into two parts. In the first place, provision must be made for weapons—airplanes, machine guns and things of that sort. And let me say that, if the need arises, we can build those things right here in Canada. For that matter, we could start now. We have an admirable beginning in our aircraft. But one of the greatest forms of defence, one form that we are neglecting, the one most essential, is the proper care of our people, because when war is declared you must have healthy men to fight. And how will you have healthy men unless you pay attention to them now? You will not have good, healthy men in the ranks of the unemployed if you leave them poorly clad and housed and ill fed. One of the main considerations of the government should be to see that our people are properly cared for. That was what they promised in 1935, and that is what they should be giving their attention to at the present time.

But the question will be asked, Where is the money to come from? I said a moment ago that I did not agree with the government's plan of raising money for defence. Let me repeat, I have no objection to defence, but I must vote against this estimate for the same reason that I gave last year: I object to the method by which the money is to be raised. The Prime Minister in 1935 said that he would issue money in terms of public need. Surely there is no greater public need than the defence of the country. And there is no greater need in times of peace than the proper care of the citizens of the country. If the Prime Minister would put that promise into effect, I would have no objection to this estimate. If he would issue debt-free money to take care of defence, instead of piling up the national debt by increasing taxation; if he would devise a plan of that sort and issue money in terms of public need, debt free, then there would not be anyone who would vote against these estimates. We must have more money if we are to have defence; and where will it come

from? The Minister of Labour on March 2, as reported at page 979 of Hansard, made a statement from which I wish to quote:

> . . . but the dominion government can appeal to no one for grants in aid. In connection with its increased expenditures it can go only to the taxpayers of this country. That is a consideration which we are bound to keep in view.

That, it seems, is where the money is to come from. Further on, he said:

> I think it is quite clear from the returns made by the income tax branch of the Department of National Revenue that it would be quite impossible to raise this additional sum by increasing the taxes imposed on the higher brackets of income.

Rest assured it will not come from the higher brackets.

> No doubt some additional income could be obtained in that way—so far as I am concerned I would prefer that it be done in that manner—but there is no doubt that if we endeavoured to obtain this revenue it would be necessary to go into the lower brackets of income where we would be taxing once more the small home owners who have already been seriously affected by the heavy burden of relief in our municipalities.

If we have to build up a defence force by means of money obtained from that source, then I say that we are destroying the greatest arm of defence that we have—the health and well-being of our citizens who must necessarily participate in any war of defence. On the next page the minister is reported as follows:

> If we did not have recourse to the income tax to raise the money required by the dominion government taking over the entire cost of relief, we would have to consider the sales tax. I think it will be agreed that here again we would be burdening that group of moderate wage earners who represent, so to speak, the working force of the country as a whole. Not only that, but with an increase in the sales tax we would be providing another deterrent to a revival of the building industry.

It is clear from the foregoing exactly how the government intends to get the money to build up a defence force. Perhaps, however, I am wrong, because the Minister of National Defence did say that he would issue $500,000,000. I hope he will persuade the government to do this. If he does, I can assure him that I shall vote for this estimate. I hope that he will carry out that promise which he made in the west.

The CHAIRMAN: I regret to have to interrupt the hon. member, but he has exhausted his time.

Mr. JOHNSTON (Bow River): I am just about through. I want to assure the minister that if he keeps the promise which he made in Edmonton, of issuing $500,000,000 of debt-free money, I shall vote for these estimates, and not otherwise.

The CHAIRMAN: Shall the item carry?

Mr. MACKENZIE (Vancouver): We will let it stand.

Item stands.

General—Closing relief projects, $2,000.

Mr. STIRLING: Are they all closed?

Mr. MACKENZIE (Vancouver): Yes. This is a small sum for unforeseen contingencies and to meet claims for compensation for men who formerly worked in the camps.

Mr. STIRLING: What has happened to the physical properties of the various camps throughout Canada?

Mr. MACKENZIE (Vancouver): I understand they have been disposed of, through the salvage officer, to the provincial governments relief organizations, and, in some instances, for public use, and so forth.

Mr. GRAYDON: I wish to remind the minister of a situation I brought to his attention once before, namely with regard to the Long Branch rifle ranges situated near Lakeview in the county of Peel. During the last month or so, some dismantling operations have been under way in connection with the buildings which were occupied as relief camps in the years gone by. During the dismantling process, a number of men were employed. I absolve the minister of any serious criticism with regard to the actual employment of these men who were obtained to do the job; but I would point out to him that a number of complaints have reached me as federal member for the district, and I believe a number of complaints have reached some other members of the house from interested parties who were seriously seeking employment for unemployed returned soldiers at that point. Some time ago I had an undertaking from the Minister of National Defence that he would look into the complaints, which to a large extent had to do with the fact that a number of men who were employed in this dismantling process were not overseas veterans. I know the minister has a keen interest in veterans' problems, and as far as humanly possible I have no doubt he will see that returned soldiers have a proper place in this employment scheme. I am sure he will be glad to accede to my request that something be done in the matter. I am not in a position

to make a personal statement in regard to this; I only repeat to the minister complaints which have arisen from time to time that those who were employed on this Long Branch dismantling project found it necessary to seek advice and guidance as to employment from the president of the local Liberal association. I do not want especially to criticize the president of the local Liberal association. I know him very well. But I do severely criticize the system. I know I need only draw the matter once more to the attention of the minister for him to see that some different system is put into effect regarding employment on that kind of work. I would welcome at this stage some statement from the minister to the effect that the matter has been satisfactorily dealt with and that no more ground for complaint will be given.

Mr. MACKENZIE (Vancouver): On April 6 on the orders of the day my hon. friend asked a question with reference to the situation, and instructions were given on April 19 that in the event of the remaining huts being dismantled, as many ex-service men as possible were to be employed. At the time the question was asked there was available only a sum of $250 for this work. At that time six men were working, of whom two were returned soldiers and four were not. Subsequently to that date a further amount of, I think, $1,600 was made available for the dismantling of the rest of the huts, and I understand that since then ten men have been taken on of whom four are returned soldiers. The instructions from headquarters are, and certainly the desire is, to employ as many ex-service men as possible on all projects connected with defence. We have in all our contracts a clause to that effect, and on some of our projects the personnel is 100 per cent ex-service men.

Mr. GRAYDON: It is encouraging to know that this is the view held by the minister in his department. What has been happening has evidently been entirely contrary to the minister's instructions. I hope he will see that from now on his wishes and the instructions of the department shall prevail in this matter.

Mr. MACKENZIE (Vancouver): I shall be glad to do so.

Item agreed to.

Battlefields memorials, $40,000.

Mr. MacNEIL: What work is contemplated under this vote?

[Mr. Graydon.]

Mr. MACKENZIE (Vancouver): The break-down of the vote will give it:

Temporary employees, of whom there are two	$ 2,200
Wages	4,300
Total salaries and wages	$ 6,500
Pay and allowances of one officer	9,315
Stores and equipment	1,800
Construction of buildings and works	500
Operating expenses of properties	10,600
Repair and upkeep of buildings and works	5,885
Transport and travelling of personnel	150
Sundries	5,250
	$40,000

Last year's vote was $51,340, but in last year's vote, or in the vote of the year prior to that, my hon. friend will understand that there were many expenses in connection with the unveiling of the Vimy memorial.

Mr. MacNEIL: Who is the officer to whom reference is made?

Mr. MACKENZIE (Vancouver): Major Simson, who is in residence in the neighbourhood of the Vimy memorial, in the city of Arras.

Mr. WOODSWORTH: I want to make an observation which I hope, will not be considered too irrelevant. A returned man wearing a button, stopped me to-day within a block of this building, said that he was out of work and that he had not the privilege of going to the shelter, and asked the price of a meal. He said that what he wanted most was work. I had no opportunity of checking that particular case; but unfortunately I have been approached by scores of men like that right here in Ottawa, and I know personally large numbers of returned men who are definitely in need of relief. It seems to me that while we are erecting monuments in marble, we ought to give adequate attention to the poor fellows here in Canada who are out of jobs and are living on charity. I make my protest against the large sums that are being used, some of them overseas, for memorials which may be of interest to an occasional tourist, while we are giving such inadequate support to a great many of our Canadian citizens here at home.

Mr. GREEN: Are these battlefield memorials all in France? Will the minister tell us which ones they are, and also how large a staff we have looking after them?

Mr. MACKENZIE (Vancouver): They are at Passchendaele, St. Julien, Hill 62—Mount Sorel, Vimy Ridge, Dury, Bourlon Wood, le Quesnel in front of Amiens, and Courcelette. The staff comprises one officer and three employees, employed continuously.

Mr. HAYHURST: In the details on page 140, what does the item, "pay and allowances, $9,315," cover?

Mr. MACKENZIE (Vancouver): This item provides for the pay and allowances of Major D. C. U. Simson, engineer in charge, and a contingency amount to provide for loss on exchange.

Mr. GREEN: Is there a temporary staff too?

Mr. MACKENZIE (Vancouver): There may be casual employees from time to time to look after the grounds, say in summer.

Mr. GREEN: In the details on page 140, there is an item, "operating expenses of properties, $10,600." For what is that money spent?

Mr. MACKENZIE (Vancouver): This is to provide for the maintenance of the Vimy memorial site and seven other battlefield memorial sites in France and Belgium. The increase in this item this year is on account of the cost of maintaining the Vimy site. Certain small improvements had to be made to the site itself after the unveiling of the memorial.

Mr. STIRLING: I suppose the work on the fortifications at Quebec, for instance, does not come under this item?

Mr. MACKENZIE (Vancouver): No; this is entirely for overseas memorials.

Mr. STIRLING: Under what item would that work at Quebec come, if there is any going on now?

Mr. MACKENZIE (Vancouver): The national battlefields commission, I am informed, which I think is under the administration of my colleague the Minister of Finance. The battlefields near Quebec are not under the Department of National Defence, but I think certain work on the citadel and walks has been done from time to time under the direction of the department and under another vote.

Mr. STIRLING: Some admirable work was done under the relief scheme, some walls taken down which were in jeopardy, and rebuilt from the base up; and I think after that time some further work was done.

Mr. MACKENZIE (Vancouver): We did some last year.

Mr. STIRLING: But there is none going on now?

Mr. MACKENZIE (Vancouver): Not just at the present time, I am informed.

Item agreed to.

Adjustment of war claims, including grant of $300 to McGill university toward upkeep of war museum, $64,000.

Mr. GREEN: Would the minister explain this vote?

Mr. MACKENZIE (Vancouver): This is for the payment of expenses and services arising as a result of the great war, including claims for adjustment of pay and allowances, separation allowances, war service gratuities, headstones on graves in Canada of ex-members of his majesty's forces, war medals and decorations, the compilation of the official history of the Canadian forces in the great war and other historical information, and miscellaneous expenses attributable to the great war.

Mr. MacNEIL: What progress has been made in publishing the historical record of the Canadian corps?

Mr. MACKENZIE (Vancouver): The first copies should go to the press for review almost immediately. As a matter of fact, I have the advance copy in my possession now, and I think it will be released within the next few days. This memorandum was prepared some time ago, but according to it the text volume has been run off and awaits the index before binding can be carried out. The appendix volume has been run off. It is estimated that copies of both text and appendix volumes, sufficient for circulation to the press, will be ready between the 9th and 16th of May, which is three or four days from now, and for public sale two weeks later.

Mr. MacNEIL: How will these be made available for circulation? Will they be placed in the libraries of the country?

Mr. MACKENZIE (Vancouver): I understand they are to be placed in the libraries and also sold through the king's printer. Copies will be made available to members of the house, as was done formerly.

Mr. STIRLING: Of the first volume?

Mr. MACKENZIE (Vancouver): Two volumes; the first volume, with the maps and appendices which are correlated with the incidents described in the first volume, up to 1915.

Mr. STIRLING: And with regard to the second volume, has the minister any information?

Mr. MACKENZIE (Vancouver): I cannot give any definite information as to the date of completion of the second volume.

Mr. MacNEIL: May I ask if any provision exists for the adjustment of claims in respect of working pay overseas or in respect of repatriation expenses?

Mr. MACKENZIE (Vancouver): That question has been very strongly brought to the attention of the department quite recently by the national headquarters of the Canadian Legion and also by representations made by certain hon. members through questions asked on the floor of the house. So far as I can gather it at the moment, the situation is that without question promises were made by regimental officers in regard to working pay for certain members of the Canadian corps, but a general order was issued later, abolishing working pay in the Canadian forces. The unfortunate situation is that many of those men, particularly those who served with the 3rd Canadian tunnelling company, believe that they are entitled to working pay. The official viewpoint is that there was no official authorization for such working pay, so it is a matter of controversy and really there has been no final settlement up to the present time.

Mr. MacNEIL: Would the minister also deal with the question of repatriation expenses, in connection with men who returned to Canada after service at their own expense? Under an old arrangement they were, I think, entitled to something.

Mr. MACKENZIE (Vancouver): So far as I know, there are no representations in this regard before the department at the present time.

Item agreed to.

Radio services, Northwest Territories and Yukon radio system, $358,050.

Mr. STIRLING: Would the minister give us a general outline of what is involved under this item?

Mr. MACKENZIE (Vancouver): First, I shall break down the vote: Salaries, civilian personnel, twelve temporary employees, $13,450; pay and allowances of officers and other ranks, eight officers, $23,322; other ranks, eighty-two, $136,478. Total pay and allowances, $159,800. Stores and equipment, $102,800; construction of buildings and works, including the purchase of land, $30,500; operating expenses of properties, $11,350; repair and upkeep of buildings and works, $11,150; transport and travelling (personnel), $15,750; freight, express and cartage, $4,500; printing and stationery, $2,350; medical and dental services, $2,150; telephones, telegrams and postage, $1,200; sundries, $3,050. This makes a total of $358,050.

[Mr. I. Mackenzie.]

Mr. GREEN: What is the provision for medical and dental services? Is that for the men employed?

Mr. MACKENZIE (Vancouver): This provides for medical and dental services for the military personnel, and the small increase of $150 is on account of an increase in the personnel this year.

Mr. STIRLING: Where are the stations located?

Mr. MACKENZIE (Vancouver): First of all, there is Headquarters, Barriefield depot. The stations are at Dawson City, Mayo, Edmonton, Fort Smith, Fort Resolution, Fort Simpson, Fort Norman, Aklavik—Herschel, Cameron Bay, Fort McMurray, Chippewyan, Yellowknife, Goldfields, Outpost Island, North Battleford, White Horse, Gordon Lake and Burwash Landing.

Mr. STIRLING: To what extent do these stations assist in commercial or emergency work?

Mr. MACKENZIE (Vancouver): This, of course, is under the control of the Royal Canadian Corps of Signals. The system serves to link up the Northwest Territories and Yukon with the communication systems of the rest of Canada. Transfer points to commercial telegraph systems are maintained at the following points: Dawson City, Fort McMurray, Edmonton and North Battleford. This system also links with the Royal Canadian Signals (permanent force) radio system, which has stations at Ottawa, Kingston, Toronto, Winnipeg and Calgary. Communication is also maintained by radio with the Washington-Alaska military cable and telegraph system, steamers in arctic waters, Department of Transport stations and stations in the Northwest Territories belonging to private companies. The system transmits daily press bulletins from Edmonton to all stations in the Northwest Territories and Yukon. In addition, aircraft weather reports are provided free of charge at frequent intervals, or as required, to all who desire them. Arrivals and departures of aircraft and steamers and similar vital services are provided at nominal cost. Traffic and weather reports for all departments of the dominion government are handled free of charge. Departments and services making use of this service include the Royal Canadian Mounted Police, Department of Transport, Department of Mines and Resources, Post Office Department (in connection with air services), the Royal Canadian Air Force, etc.

Mr. BARBER: The estimate for transport and travelling is almost double. Is that mainly by air?

Mr. MACKENZIE (Vancouver): This provides for the transport and travelling expenses incident to inspections, original appointments and enlistments, retirements, transfers between stations and other travelling expenses. The increase of $7,800 is chiefly to enable personnel at the northern stations to be relieved more frequently. Many non-commissioned officers spend four to five years without relief, whereas three years is considered the normal period of time that should be spent.

Mr. BARBER: Is the travel mainly by air?

Mr. MACKENZIE (Vancouver): In some instances it would be by air, but not necessarily.

Mr. WOODSWORTH: Would the minister explain how this system is correlated with that under the Department of Transport?

Mr. MACKENZIE (Vancouver): There was some suggestion made a year ago that there might be overlapping as between the radio service established by the Royal Canadian Corps of Signals and that under the Department of Transport. An interdepartmental committee was set up which made a thorough investigation, and I have here the report, pointing out that the operation of this system by military personnel has distinct advantages from a defence standpoint; that certain types of training are given to Royal Canadian Corps of Signals men which cannot be given by the department in any other way. A continuation of the operation of this system is of tremendous value to this department from many angles. It is agreed that the system could be operated for less money per annum. It is not agreed that it could be more economically operated. If the Royal Canadian Signals did not get the training they now obtain in this way, more men would be required in the corps paid for from the permanent force vote in order to ensure that an adequate number were trained. Other training arrangements would have to be devised to compensate for the training these men now get, and altogether the ultimate cost to the taxpayer from a broad point of view would be greater than at present. The finding actually was that there was very little duplication as between the Royal Canadian Corps of Signals and the Department of Transport. This question was brought to our attention less than a year ago.

Mr. STIRLING: Is there any international use of this service? Does the United States request our assistance on occasion?

Mr. MACKENZIE (Vancouver): In Alaska, and within the last few days we have had official thanks from the Russian ministry in Washington, I believe it was, thanking the Canadian government for the use of the services of the signal corps in the search for the lost airmen.

Item agreed to.

Militia services—Grants to military associations and institutes in the amounts detailed in the estimates, $103,450.

Mr. MacNEIL: Would the minister give us the information on this vote?

Mr. MACKENZIE (Vancouver): The details show that there are the rifle associations of Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island, Manitoba, British Columbia, Alberta, Saskatchewan, the Dominion of Canada Rifle Association, the National Defence headquarters and the university and local.

Then, there are various service associations. May I point out that the vote last year was not in this form, although a sum of money was included in another vote. The service associations are listed as cavalry; artillery; engineers; signals; infantry, machine gun and tanks; army service corps; army medical corps, and a small contribution of $500 for the magazine known as the Defence Quarterly. Under the headings of military institutes we find the Canadian, of Toronto; the Western, at Winnipeg; the Alberta, at Calgary; the United Service Institute, Vancouver; the United Service Institute, Regina; the Royal Military College Club of Canada; the United Service Institute of Saskatoon; the Institute of Nova Scotia, Halifax; the United Service Institute, Vancouver Island, Victoria; the United Service Institute, Ottawa; the United Service Institute, Quebec; the United Service Institute, Moose Jaw; the New Brunswick Institute, Saint John; the Military Institute, London; the Military Institute, Edmonton; the Military Institute, Kingston; the Military Institute, Charlottetown, and the United Service Institute, Montreal.

Mr. MacNEIL: Who are eligible for membership in the rifle associations? Must they be members of the militia?

Mr. MACKENZIE (Vancouver): Yes, of the military associations; for these grants they must be members of the militia. I understand in other days there were grants made to civilian rifle associations, but they were discontinued some time ago.

Mr. MacNEIL: What are the responsibilities of rifle associations? There was some question in previous sessions as to the right of the district officer commanding to call upon rifle

associations in cases of emergency. What exactly is the jurisdiction of the district officer commanding? What responsibilities must be accepted by members of rifle associations?

Mr. MACKENZIE (Vancouver): I would say none at all, in their civilian capacity, but I shall look into the question. If they were members of the militia, there would be jurisdiction.

Mr. MacNEIL: I would remind the minister that a general order which appeared showed that rifle association members were liable for service under orders of the district officer commanding, in the event of emergency, and particularly in the event of civil disturbances.

Mr. MACKENZIE (Vancouver): I am not sure of it, but I should like to have the order pointed out.

Mr. WOODSWORTH: Is there any regulation as to how this money shall be spent by the different associations, or are they allowed carte blanche?

Mr. MACKENZIE (Vancouver): In regard to the financial aspect of the question, they are under obligation to submit an audited report to the department. With reference to the general aspect of the question, I think they are allowed very wide jurisdiction with respect to the exact manner. Generally speaking, moneys for service organizations, for instance, are spent for meetings and conventions for the discussion of problems concerning their own particular arms of the service. In connection with the rifle associations, there are, of course, organizations in each province, and then each year we have an annual meeting here in Ottawa at the Connaught range in charge of the Dominion of Canada Rifle Association. Then, there is the final stage when the Bisley team is selected by the Dominion of Canada Rifle Association and sent to England each year to compete with other members of empire teams. With reference to general expenditure, I may say that they have very wide jurisdiction and are subject to audit every year.

Mr. MacINNIS: How many associations are there in British Columbia?

Mr. MACKENZIE (Vancouver): The only one named getting a grant in British Columbia is the provincial organization. The British Columbia Rifle Association gets a grant of $1,500 a year.

Mr. MacINNIS: Has the minister any information as to the membership of the association?

[Mr. MacNeil.]

Mr. MACKENZIE (Vancouver): I have not the details here, but I shall get them for the hon. member. They might also be in their annual report, but I am not sure.

Mr. GREEN: Does membership in these associations include members of the militia, or do militiamen obtain their training in rifle shooting separately?

Mr. MACKENZIE (Vancouver): Militiamen obtain training in their own units, of course; but very often that is supplemented by membership in rifle associations, especially if they are expert shots.

Mr. GREEN: Is it the intention that these rifle associations shall train men to shoot who are not in the militia?

Mr. MACKENZIE (Vancouver): May I answer the question by referring to some information I have before me. These grants are made annually to permit and encourage rifle shooting, and to assist associations in defraying expenses connected with the annual prize meetings. Rifle associations are classified under three headings, namely the Dominion of Canada Rifle Associations, the provincial rifle associations and, in reply to the hon. member for Vancouver East, university and local rifle associations. If the hon. member wishes to have the information, I can describe the various associations.

Mr. COLDWELL: How many associations of each type are there?

Mr. MACKENZIE (Vancouver:) I have before me a statement by military districts, showing the number and the state of military and civil rifle associations, giving the numbers in each group, as of February, 1938. I shall place the table on record:

Military District	Military Active	Military Inactive	Civilian Active	Civilian Inactive
No. 1	4	5	1	..
No. 2	24	12	2	..
No. 3	15	3	4	2
No. 4	15	5	..	..
No. 5	9	5	6	2
No. 6	23	5	..	3
No. 7	8	2	2	2
No. 10	8	4	7	..
No. 11	14	2	3	..
No. 12	22	4	2	2
No. 13	10	..	5	..

I would point out that military district No. 11 is the British Columbia district.

Mr. COLDWELL: Are there not other types of associations than rifle associations?

Mr. MACKENZIE (Vancouver): Yes; there are the military institutes and the various service associations.

Mr. HAYHURST: What kind of rifle is used in these rifle associations?

Mr. MACKENZIE (Vancouver): The Lee-Enfield rifle.

Mr. COLDWELL: What is the totai membership in these organizations?

The CHAIRMAN: The hon. member for Royal has the floor.

Mr. BROOKS: Has the minister ever received any requests from military organizations in Canada that these associations be confined entirely to active militia, and that there should not be the civilian element? I have asked the question because I have heard representations made that these civilian organizations were practically useless, so far as any benefit to the country was concerned. The men who belong to these civilian rifle associations look upon it as a sport, as other people would consider golf and so on, and yet the country is paying for it. Have any representations been made along that line?

Mr. MACKENZIE (Vancouver): No representations have been made in the last two and one half years that I know of.

Mr. BROOKS: Were any made prior to that?

Mr. MACKENZIE (Vancouver): The grants to civilian rifle associations were discontinued in November, 1934, as it was felt that the value obtained did not justify the expenditure involved.

Mr. BROOKS: Then there are no civilian rifle associations?

Mr. MACKENZIE (Vancouver): Not receiving grants of money?

Mr. LENNARD: Do these rifle associations devote any of their activities to machine gun instruction?

Mr. MACKENZIE (Vancouver): I do not think so generally.

Mr. LENNARD: In my opinion these rifle associations are becoming antiquated. The majority of those who attend the meetings are styled more or less as pot-hunters. I think it is about time we curtailed that sort of thing and got down to business. We should devote more time to teaching the modern branches of the service.

Mr. MARTIN: Of the slaughter.

Mr. MACKENZIE (Vancouver): The point raised by the hon. member has occasioned many debates in these associations; but the general opinion is that despite the development of the automatic, the rifle and the sharpshooter constitute an essential factor.

Mr. STIRLING: In each case the grant is made to a provincial association?

Mr. MACKENZIE (Vancouver): Yes, to those named.

Mr. STIRLING: Then there are member associations in different parts of each province?

Mr. MACKENZIE (Vancouver): That is right.

Mr. STIRLING: Is there any relation between the amount of the grant and the number of associations that operate under the provincial association?

Mr. MACKENZIE (Vancouver): I am not exactly familiar with the basis upon which the grants are computed, but there has been no change for many years.

Mr. MacNEIL: What is the purpose of the grant to the military institutes?

Mr. MACKENZIE (Vancouver): They are similar to the grants made to the service associations. Discussions of various kinds are held in connection with defence, military tactics and so on. These grants have been given for a great number of years. This is the first year in which they have been shown in a separate vote; they are more obvious than they were in former years.

Mr. MacNEIL: Who comprise the membership of the institute?

Mr. MACKENZIE (Vancouver): Active and reserve officers of the permanent and non-permanent forces would be eligible.

Mr. BROOKS: Are there any non-commissioned officers?

Mr. MACKENZIE (Vancouver): I do not think so.

Mr. GREEN: The bulk of the vote for the rifle associations goes to the dominion association?

Mr. MACKENZIE (Vancouver): Yes.

Mr. GREEN: What is that grant used for?

Mr. MACKENZIE (Vancouver): They are the main controlling body of rifle shooting in Canada. They correlate the activities of the provincial organizations and take charge of the annual shoot at the Connaught ranges. They select the Bisley team, following the results of competitions in the provinces and the annual one here in Ottawa.

Mr. GREEN: Does this item include the cost of sending the Bisley team to England?

Mr. MACKENZIE (Vancouver): There is an item in another vote to cover the expenses of the adjutant or the commandant of the Bisley team. They have jurisdiction over the manner of expending the grant and spend some of this money in connection with the Bisley team.

Item agreed to.

Royal Military College, $381,500.

Mr. STIRLING: There were some additional buildings at Kingston brought into use last year.

Mr. MACKENZIE (Vancouver): There is a new dormitory wing.

Mr. COLDWELL: How many students are there in the college?

Mr. MACKENZIE (Vancouver): The regulations call for not more than 200. If that number is to be exceeded, a special order in council is required.

Mr. COLDWELL: What is the size of the staff?

Mr. MACKENZIE (Vancouver): Civilian personnel, permanent, fifty-six, temporary, twenty, officers, seventeen, and other ranks, sixty-two.

Mr. MacNEIL: How many gentlemen cadets graduated at the last term according to provinces? What is the method of selection for entrance to the college?

Mr. MACKENZIE (Vancouver): The number of graduates for the last several years are as follows:

1926-27	33
1927-28	31
1928-29	34
1929-30	39
1930-31	40
1931-32	29
1932-33	38
1933-34	48
1934-35	51
1935-36	25
1936-37	38

The method of selection is that each province is allowed a quota, and they are graded by order of merit according to performance on the basis of junior matriculation. If the provinces do not take up their full quotas, then a general dominion list is made up in order of merit. Selection is made by a board at national headquarters here, and the vacancies are filled from that general list if there are any gaps in the quotas of the provinces.

Mr. MacNEIL: Has the qualification for entrance been raised recently?

[Mr. Green.]

Mr. MACKENZIE (Vancouver): Generally speaking, it is the level of junior matriculation throughout Canada. Of course, it is not called that in some provinces, but that is the standard.

Mr. MacINNIS: The hon. member for Vancouver North (Mr. MacNeil) used the term "gentleman cadet." Are all the students gentlemen cadets, or are there some cadets and some gentlemen cadets?

Mr. MACKENZIE (Vancouver): They are all cadets and they are all gentlemen.

Mr. COLDWELL: The minister stated there was a permanent staff of fifty-six. How many of those are actually engaged in academic work, and what are their salaries?

Mr. MACKENZIE (Vancouver): The staff is as follows:

Professors	Salaries
Mathematics	$5,045
Modern languages	4,680
Physics and chemistry	4,545
Civil engineering	4,545
Associate professors	
Surveying	3,780
Mathematics	3,780
Mathematics	3,330
Mathematics	3,330
Civil engineering	3,780
Physics	3,645
French	3,780
English and history	3,780
Instructors	
Physics and chemistry	2,820
Chemistry and French	2,940
Engineering	2,940
French	2,850
English and French	1,920
Civil subordinate staff, laboratory assistants	
2 at	1,380
1 at	1,440
Clerk, grade 3	1,620
Caretaker	1,260
2 senior messengers	
1 at	1,200
1 at	1,260
Head steward	1,635
Stationary engineer, grade 3	1,920
Stationary engineer, grade 1	
1 at	1,320
1 at	1,440
Firemen	
1 at	1,380
1 at	1,260
Chef	1,395

In addition, there are twenty-five cleaners and helpers for $29,025, with all salaries totalling $110,405.

Mr. BROOKS: I notice that, in some instances, there were two or three in the

same grade. There were two mathematics teachers, for instance, and the salary seemed to be given for one.

Mr. MACKENZIE (Vancouver): There were three associate professors teaching different branches of mathematics.

Mr. HAYHURST: Are mathematics and chemistry practically the same as the academic subjects taught at a university?

Mr. MACKENZIE (Vancouver): Yes, except that engineering, geometry, mathematics and physics are very much emphasized in the curricula of the Royal Military College.

Mr. NEILL: Do the particulars given include the military officers?

Mr. MACKENZIE (Vancouver): Does my hon. friend want the names of the officers?

Mr. NEILL: No. I was wondering how many officers there were and what they received.

Mr. MACKENZIE (Vancouver): There are seventeen officers and sixty-two other ranks.

Mr. GREEN: I take it that the reason Canada maintains the Royal Military College is to train officers for our defence forces. What happens to these cadets when they graduate?

Mr. MACKENZIE (Vancouver): The number of graduates taking commissions in the Canadian permanent force and the Royal Canadian Air Force, and in the imperial and Indian armies are as follows:

Number of Graduates taking Commissions

Year	In Canadian permanent force and R.C.A.F.	In Imperial and Indian armies
1926-27	2	4
1927-28	9	..
1928-29	4	..
1929-30	8	1
1930-31	9	3
1931-32	3	2
1932-33	16	2
1933-34	14	3
1934-35	21	4
1935-36	6	5
1936-37	8	6

Mr. GREEN: Would the minister give the totals of those going into the imperial forces and into the Canadian permanent force, and the total number of graduates in the ten years?

Mr. MACKENZIE (Vancouver): I have already given the number of graduates taking commissions in the Canadian permanent force, the Royal Canadian Air Force, and in the imperial and Indian armies. The percentage of graduates taking commissions is as follows:

	Percentage of graduates taking commissions
1926-27	18
1927-28	29
1928-29	12
1929-30	23
1930-31	30
1931-32	17
1932-33	47
1933-34	35
1934-35	49
1935-36	44
1936-37	37

Mr. GREEN: Is there any regulation providing that the other graduates must go into the non-permanent militia?

Mr. MACKENZIE (Vancouver): Yes, that is the undertaking.

Mr. GREEN: All other graduates take commissions in the non-permanent militia?

Mr. MACKENZIE (Vancouver): Yes.

Mr. HAYHURST: Are the graduates from the Royal Military College given credits at a university for the subjects in which they have graduated? Does the work they have done at the college count at a university towards an academic degree?

Mr. MACKENZIE (Vancouver): Concessions are made by the university in regard to time and subjects, but I have not the specific concessions before me at the moment.

Mr. HAYHURST: But their credits at the college would be accepted by the university?

Mr. MACKENZIE (Vancouver): Yes, according to what they take up.

Mr. MARTIN: Is it not a fact that a graduate of the Royal Military College is credited with two years at our universities, that he goes into the third year?

Mr. MACKENZIE (Vancouver): Yes.

Mr. COLDWELL: There are many graduates across the country, and I should like to know what is the difference between a cadet and a gentleman cadet.

Mr. MACKENZIE (Vancouver): There is actually none, but it is an appellation by which the students go at the Royal Military College, and have done for many years.

Mr. STIRLING: All over the world.

Mr. MACKENZIE (Vancouver): Yes.

Mr. NEILL: Is it necessary to have graduated at the Royal Military College to secure a commission in the permanent force?

Mr. MACKENZIE (Vancouver): No; but they have the first chance at vacancies that may exist.

Mr. GREEN: Is any training given to the cadets to qualify them for positions in the air force? The minister has stressed the importance of the air force in our defence forces, and I think we should be training some of our air officers at the Royal Military College.

Mr. MACKENZIE (Vancouver): There is an air officer on the staff of the college; there is a certain amount of air instruction give to such cadets as desire it, and some proceed to a commission in the air force.

Mr. GREEN: They require subsequent training?

Mr. MACKENZIE (Vancouver): Yes; it is ground training that is given at the college. They would then need ab initio training in the air, and then advanced training.

Mr. GREEN: Would it not be possible to train at the college those cadets who want to become air officers?

Mr. MACKENZIE (Vancouver): They could take courses at our summer training camps, and qualify in that way. Some do.

Mr. COLDWELL: What percentage of these young men go into the army and what percentage into the professions and business? I understand that quite a number of the boys who go to the Royal Military College do not go into the service, but gravitate into business of various descriptions.

Mr. MACKENZIE (Vancouver): The most recent figures are as follows: The number of graduates who have taken commissions in the Canadian permanent forces, including the Royal Canadian Air Force, is 241, or 19·8 per cent of the graduate body; in the imperial and Indian armies, 234, or 19 per cent.

Mr. COLDWELL: Those taking commissions in the Canadian permanent forces amount to 19·8 per cent?

Mr. MACKENZIE (Vancouver): Yes.

Mr. COLDWELL: A very small percentage.

Item stands.

Progress reported.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

Monday, May 16, 1938

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

STE. ANNE DE BELLEVUE, QUE., MILITARY HOSPITAL

Mr. MALLETTE:

1. Has a successor been appointed in place of the late Major Ducharme, chaplain of the military hospital at Ste. Anne de Bellevue?
2. If so, what is his name?

Mr. POWER:

1. Yes.
2. Rev. Georges-Guy Phaneuf.

HENRY DIRKS

Mr. LENNARD:

1. What remuneration has Henry Dirks of 1221 Main street east, Hamilton, Ontario, received from the dominion government for services rendered during the years 1936, 1937, and the first three months of 1938?
2. What moneys, if any, are still to be paid to him for services rendered?

Mr. RINFRET:

1. 1936 and 1937, nil. 1938, $1,000 was paid to the firm of Bethune and Dirks of Hamilton, Ontario, by the Department of National Defence.
2. None.

QUEBEC HARBOUR PUBLIC WHARF

Mr. TREMBLAY:

1. Is there in the harbour of Quebec any wharf reserved to the general public for the unloading of coal?
2. What persons or corporations have made use of the wharf since it has been placed at the disposal of the public, and what is the volume of coal that has been unloaded at such wharf by such persons or corporations?
3. Has the national harbours board received any offer to rent this wharf? If so, from whom, and on what conditions?

Mr. HOWE:

The following information has been furnished by the national harbours board:

1. Yes.
2. None.
3. Inquiries have been received from time to time from parties expressing a general interest in securing a lease of this wharf. As the area available for this purpose is a restricted one, and as it was prepared and reserved for use as a public coal dock in response to strong local representations in that

behalf, the board felt that the regulations which it has formulated to ensure that the dock should be kept available for public use should be adhered to, at least until such time as it should be clearly established that the wharf would not be made use of for the purpose intended. Therefore, negotiations were not entered into with any of the parties inquiring with a view of securing exclusive use of the wharf for a long period.

SOREL SHIPYARDS

Mr. PELLETIER:

1. Did the government sell coal barge No. 6 to the General Dredging Company last year? If so: (a) has the government used or rented coal barge No. 6 from the General Dredging Company since it was sold to them; (b) how much rent has the government paid each day; (c) for what purpose was it used?

2. How much money was spent for painting and repair to the buildings at the Sorel shipyards for the five months preceding July 22, 1937?

Mr. HOWE:

1. Yes.
   (a) Yes.
   (b) $265, not to exceed ten days.
   (c) For the purpose of assisting in spring rush of laying buoys—Montreal agency.
2. $2,058.96.

BOARD OF RAILWAY COMMISSIONERS—APPOINTMENTS

Mr. LAPOINTE (Matapedia-Matane):

1. Upon what date was a member last appointed to the railway commission?

2. Is there a French Canadian on the said commission?

3. If not, why?

Mr. HOWE:

1. August 12, 1935, when Hon. Hugh Guthrie, chief commissioner, was appointed.

2. Yes; Mr. François Napoléon Garceau, deputy chief commissioner.

3. Answered by No. 2.

NATURALIZATION IN BRITISH COLUMBIA

Mr. HANSON:

1. What was the total number of naturalization certificates granted in the province of British Columbia in the years 1928 to 1938 inclusively, showing for each year separately?

2. How many of the persons to whom such certificates were granted during that period were of oriental origin, showing for each year separately?

Mr. RINFRET:

1. There are no statistics of naturalization by provinces.

2. Answered by No. 1.

ST. ANDREWS EAST, QUE., POST OFFICE

Mr. HEON:

1. Has the land for a post office at St. Andrews East, county of Argenteuil, been acquired?

2. If so, from whom, and at what price?

3. Has the contract for the building of such a post office been let?

4. If so, to whom, and at what price?

Mr. CARDIN:

1. Yes.

2. (a) A. E. Ladouceur.
   (b) $1,500.

3 and 4. Contract not yet awarded.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FEDERAL CONTRIBUTIONS TO ROAD AND BRIDGE PROJECTS IN VICINITY OF MONTREAL

Mr. JEAN:

1. Since January 1, 1936, was any contribution made by the dominion government to the following projects: (a) erection of a bridge at the end of Pie IX Boulevard over Prairies river, linking Montreal island with Jesus island; (b) Sherbrooke street construction through the city of Pointe-aux-Trembles; (c) Broadway repairs in the city of Montreal East; (d) Notre Dame street repairs through Montreal East and Pointe-aux-Trembles cities?

2. If so, what share was contributed by the dominion government in each case?

Mr. RINFRET: Return tabled.

OTTAWA GOVERNMENT BUILDINGS—PURCHASES OF COAL

Mr. DOUGLAS (Weyburn):

1. What was the amount of coal purchased for government buildings in Ottawa for the fiscal years commencing April 1, 1907, to date, by the Public Works department? (a) Was this coal purchased by tender or otherwise; (b) what firms tendered, what were the terms of the tender, and what were the tender prices; (c) what was the price paid per ton; (d) what was the total amount paid to any one firm during each of the years mentioned; (e) what firm was successful in obtaining the tender each year; (f) how were these tenders, if any, obtained in each of these years whether by advertisement or otherwise?

2. For each of the years above mentioned, how were the quantities delivered by the successful tenderer established whether by railway rates or otherwise? (a) If established by railway rates, what were the number and particulars of each car so delivered; (b) if the quantities delivered were established other than by railway rates, how were delivered quantities established, giving full particulars; (c) in any of the years mentioned, what means, if any, has the department taken to check the delivered weights of coal?

3. Does the Department of Public Works or any other department of the government operate a scale to check the weights of coal delivered, and if so, how long has this scale been operated?

4. Has the operation of any said scale disclosed discrepancies in delivered weights of coal, and if so, what action has the department taken to recover or adjust overcharges due to incorrect weight?

5. Has the department any information of any refunds made to the government by any coal company delivering coal on government account or any adjustment made by any coal company for duplicated bills, overcharges in delivered weights, short weights, or overpayments? If so, what are the full particulars of each and every such refund and adjustment?

6. In any of the fiscal years above mentioned, has any coal company been paid any special rate or price per ton over and above the tender price for any special service or delivery charge or handling charge in connection with the coal delivered under such tender? If so, what are the full particulars for each year?

MOTIONS FOR PAPERS

DOCTOR J. O. LANGEVIN

Sir EUGENE FISET (for Mr. Deslauriers):

For a copy of all papers, letters, telegrams and other documents, dated from January, 1935, to March 11, 1938, exchanged between the dominion government or any officer thereof and any other persons relating to Dr. J. O. Langevin, of the Department of Agriculture, health of animals branch, in Montreal.

SASKATCHEWAN RELIEF FLOUR

Mr. COLDWELL:

For a copy of all correspondence exchanged between the Minister of Agriculture, the independent millers of Saskatchewan and other persons regarding proposals for the provision of relief flour during the year 1937.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF AGRICULTURE

Agricultural economics, $120,260.

Mr. SENN: The other evening when the committee rose we were discussing research work carried on in different cities regarding the purchase and consumption of agricultural products. I asked the minister whether any investigation had been made into the consumption of vegetable oils and the effect upon the sale of other agricultural products. The minister replied in the negative, and he was asked whether any such investigation was contemplated. I think it is desirable in the interest of agriculture, and particularly of the live stock industry, that some such investigation be made. Would the minister tell us who initiates these investigations? Under whose authority are they begun? Is it by his own authority, or has the department power to initiate them? If it is the minister's prerogative, will he consider the advisability of inquiring into the effect of the increasing sale of vegetable oils in Canada in recent years upon the sale of animal fats for spreading and shortening purposes?

Mr. GARDINER: The investigation into the use of vegetable oils that has been asked by certain individuals is an investigation of the type that might be carried on by the tariff board. As I understand it the question which has been submitted to that board is whether or not the dairy industry should be given some protection through some action regarding the importation of vegetable oils. That is not a question that would be investigated by the economics branch of this department.

Mr. SENN: I scarcely agree with the minister. I was not asking an investigation into the merits of placing a tariff on vegetable oils or otherwise; but it is undoubtedly true that the sale of vegetable oils in Canada is increasing very rapidly, and naturally it must have some effect upon the sale of animal fats and oils. I think it might very well come within the scope of any investigation to determine to what extent these vegetable oils are displacing animal fats for spreading and shortening purposes. I do not wish to carry the matter further than to say that I believe it would be in the interests of agriculture generally if the minister would initiate such an investigation.

While I am on my feet I should like to ask the minister one further question. The other day he made some reference to the fact that a study was being made of the cost of farm living. I wonder how far that investigation has been carried and how it is being conducted. Is it being carried on in all parts of the dominion or only in Ontario or some other provinces?

Mr. GARDINER: Most of these investigations are carried on in cooperation with the provincial authorities and, in some instances, agricultural colleges and universities. They are of a local nature in the sense that at one time they may be carried on in Alberta, at another time in Ontario and at another time in Nova Scotia, but there is a relationship between the investigations in one part and those in others.

Mr. NEILL: Reverting for a moment to the question of vegetable oils, perhaps the Minister of Finance could tell us whether or not there has been an investigation made by the tariff board. I was under the impression that he ordered an investigation by that board into the importation of vegetable oils,

which arose, so far as my interest in it was concerned, not only as regards the dairying interests in my district but also in connection with the competition it afforded to fish oils made from the reduction of pilchards on the Pacific coast. Perhaps my memory is bad, but I gathered that the matter was being investigated by the tariff board. Has the Minister of Finance any knowledge of that?

Mr. DUNNING: The hon. member for Comox-Alberni (Mr. Neill) is quite correct, Mr. Chairman. The reference to the tariff board of the matter of tariffs on vegetable oils and matters connected therewith was made some time ago. I cannot recollect the date, but in any event it was within the past year Hearings have taken place; submissions have been made, and there has been very considerable argument about the whole matter. Offhand I cannot state the stage of the proceedings at the moment, but a very thorough inquiry is proceeding.

Mr. ROWE (Dufferin-Simcoe): I realize that it is difficult to discuss a matter that is now before the tariff board; but on the other hand, as the hon member for Haldimand (Mr. Senn) has stated, the situation warrants further investigation by the department into the effect on our agricultural products of the importation of vegetable oils. I presume if it is impossible to discuss the matter under this item it may be impossible to discuss it under any other. The government may later consider any recommendations that may be made by the tariff board in regard to the tariff on vegetable oils, but I think if investigation discloses that vegetable oils are replacing animal fats and oils to a considerable extent there may be some other method of assisting and protecting the producers of animal fats in this country. The tariff board is dealing with the tariff phase of the issue; nevertheless I think under this item the government might well institute investigations to ascertain to what extent animal fats and oils are being replaced by the vegetable oils that are shipped into this country. The government should consider that matter very carefully, as a government; and it is the responsibility of the Department of Agriculture to consider the effect on agriculture in this country. I am not so much concerned with the manner in which the government might assist the farmers, whether by implementing any recommendations made by the tariff board or by the imposition of a processing tax, but I do feel that this question deeply affects agriculture, and might well be considered by this economics branch instead of being left entirely to the tariff board as a tariff or fiscal matter.

Personally I think the importation of these vegetable oils affects the very basis of the agricultural industry in this dominion. I know of nothing that promises so adversely to affect Canadian agriculture as the importation of substitutes for animal fats and animal oils. The live stock industry is recognized by all outstanding agriculturists, both in the department and in various parts of the dominion, as one of the most important branches of agriculture. If we are to perpetuate a sound agricultural industry in Canada we must maintain a prosperous live stock industry. I think every farmer within the sound of my voice will agree with that general principle, and that industry is being threatened by the greatly increased importation of vegetable oils and the ever-widening use of these oils as shortening, replacing lard. It is possible that in the not far distant future they may be used in the manufacture of substitutes for butter and other dairy products. When one realizes that to-day we find it necessary to export more than half the lard production in Canada one realizes the effect of these importations on our live stock industry, and there is no doubt that the almost prohibitive tariff against the importation of vegetable oils into the United States has had the effect of increasing the importations into this country. I do not mean to say that the imposition of tariffs is the only method of relieving the situation. While we are speaking about agricultural economics I must observe that I know of no single factor which affects so adversely the agricultural situation throughout Canada as does this great increase in importations of what might be described as a substitute for live stock products. It may be said that these many millions of pounds of imported vegetable oils are inedible. While that may be true it is also true that much of the oil imported as inedible is made edible before it reaches the Canadian market.

I believe the department would do well to consider means of relieving the situation, and as the Minister of Agriculture is the one most responsible to agriculture in Canada I suggest that he recommend to the government effective measures through which this serious situation may be remedied. In making these observations I believe I am not speaking out of turn, although the Minister of Finance has declared that the subject is before the tariff board. It seems to me that some form of taxation would be highly justified, in view of the fact that these importations strike at the very roots of successful agriculture and would have the effect of destroying our live stock industry.

Mr. HAYHURST: I have received about five hundred letters from dairy farmers in the northern section of Alberta, and especially from my own constituency, dealing with the problem of the importation of vegetable oil. I have no doubt other hon. members have received similar letters. In order that hon. members may be familiar with the situation I should like to read one letter.

Mr. McLEAN (Melfort): Is the hon. member referring to letters or only to circulars which came through the mail?

Mr. HAYHURST: They are circular statements signed by individual farmers.

Mr. McLEAN (Melfort): But they are not letters.

Mr. HAYHURST: They are letters in the respect I have indicated.

Mr. ROWE (Dufferin-Simcoe): If they are signed by individual farmers they are letters.

Mr. HAYHURST: And they are signed by individual farmers.

Mr. McLEAN (Melfort): Handed to them to sign.

Mr. HAYHURST: Signed by individual farmers who object to large importations of vegetable oil.

Mr. McLEAN (Melfort): Propaganda.

Mr. HAYHURST: Propaganda it may be, from your standpoint; but at the same time the dairy industry in Alberta and in other provinces must be protected. I am not saying it will have to be protected by the imposition of high tariffs upon vegetable oils, but there should be some way of helping the dairy farmers. The letter is as follows:

Dear Sir,—

I note that last year there were over 200,000,000 pounds of vegetable oils imported into Canada, chiefly from tropical countries, practically duty free, and that the quantity of shortening manufactured in Canada, not made from animal fat, has doubled since 1932. I have every reason to believe that the substitution of cheap foreign vegetable oils for Canadian produced animal fats is becoming a serious menace to Canada's 750,000 farmers.

Something must be done about this menace, for we farmers can't compete with the cheap native labour of the tropics. I urge you, therefore, to take such steps as will cause a duty to be placed on these imported vegetable oils as outlined in the application of the National Dairy Council to the tariff board in December, 1936. Successful diversified farming can only be continued through the encouragement of the live stock and dairy industries. As one of your constituents, depending on mixed farming for a living, I urge you to support a reasonable and fair tariff on the importation of these foreign substitutes for Canadian produced animal fats.

[Mr W. E. Rowe.]

We know that very large areas of Canada are dependent upon the dairy industry. If the industry is not aided by the federal government the substitution of vegetable oils will have serious effects.

An hon. MEMBER: How?

Mr. LENNARD: Use your head.

Mr. HAYHURST: Some are not accustomed to using their heads.

Mr. McLEAN (Melfort): You promised fifty-cent butter in 1930 and we got five-cent butter.

Mr. HAYHURST: If large quantities of vegetable oils are brought into Canada and used as shortening in the baking industry we will lose the local market for products we can produce in great abundance. I would urge the Minister of Agriculture to put his experts on agricultural economic planning to work on the subject. They should see that the dairy industry of Canada is properly protected.

Mr. MAYBANK: Mr. Chairman, I rise to speak because of the pleas put forward in the last few moments. Although I represent a city constituency, I come from an agricultural province. I believe the city, part of which I represent, knows as well as any city can know the needs and desires of farmers, and recognizes as perhaps no other city does how completely and fully its own prosperity is tied up with the prosperity of the surrounding farming community. I hope that the government will not be influenced by pleas of the sort which have just been made for the imposition of tariffs on these products. I do not know for certain that all the representatives from Manitoba are in agreement with me, but I believe they are. I have spoken with the Manitoba members on the subject and have heard no voice in favour of the tariff now sought. I did not wish the moment to pass without speaking, especially in view of the silence of several representatives from Saskatchewan, which might indicate an acquiescence.

I believe the people in western Canada realize that they cannot at one and the same time ask for a general lowering of tariffs and an increase in the tariff on these particular commodities. Taking it by and large, it will be found that the farming communities will be consistent in the requests they make from time to time. I am well aware a certain campaign has been put on in favour of a tariff increase in this connection, and that some sections of the farming communities may be in favour of it. However it is my belief it will be found that no representative of the great province of Manitoba—and cer-

tainly Manitoba is an agricultural province, with many dairy farmers—will be in favour of this particular plea.

Mr. SENN: I have listened with interest and attention to the observations of the hon. member who has just taken his seat (Mr. Maybank). I do not know just what is the attitude of the farming population of Manitoba toward this question, but I venture to say that many of them want something done to curb the importation and sale of vegetable oils which are being used in preference to animal fats produced in our own country. The hon. gentleman has referred to the attitude of agriculture generally regarding the tariff, but he will find that in certain parts of this country the farmers are not asking for lower tariffs. All that they ask is that they be placed in a position of equality with other industries throughout the dominion so far as the tariff is concerned.

The hon. gentleman has referred to the propaganda being carried on, but I know that if conditions were reversed, if other classes of goods were coming in to displace other Canadian products, a more intensive campaign of propaganda would be carried on. I have in my hand a clipping containing a statement made by the president of Canada Packers in which he states that if a certain amount of protection were granted to this industry it would mean a third of a cent per pound on every hog slaughtered and a fifth of a cent per pound on every steer. If hon. members will take the trouble to estimate what that would return to the farmers of Canada they will realize that it would mean from $6,000,000 to $7,500,000 annually. That is a considerable item.

The hon. member for Winnipeg South Centre (Mr. Maybank) did not say that he was putting forth an argument on behalf of the consumer. His argument was rather on the ground that they have consistently been asking for freer trade and in this instance they had to be consistent again. It seems to me that his argument is not at all well founded. I did not rise at this time to enter into a discussion of this matter. All I ask the minister to do is to authorize an investigation into the extent to which imported vegetable oils are displacing animal fats produced in Canada. It seems to me that that would come well within this vote. The Minister of Finance (Mr. Dunning) has stated that the matter is being inquired into by the tariff board, but I doubt if that investigation would be as thorough as one which could be made by officials of the department who would go to cities and towns and other parts of the country and make a house to house investigation.

Mr. GARDINER: The importation and use of vegetable oils has a relationship not only to the dairy industry but also to the live stock industry. If vegetable oils replace anything, it is animal fats rather than the products of the dairy industry. The whole matter of the relationship of these different products has been referred to the tariff board. I do not think it would be proper for the economics branch of the Department of Agriculture to start a second inquiry when the matter is before the tariff board. However, everything that has been mentioned here will naturally be given consideration during this investigation.

Mr. DEACHMAN: The army of privilege fights hard and never dies. The men who have been making an argument to-day in favour of restriction are the men who opposed a reciprocity agreement with the United States which gave us access to the American market. We cannot continue to export unless we continue to import. In 1930 our exports to the United Kingdom were $283,000,000; in 1937 they were $409,000,000.

Mr. SENN: Give us the figures for 1928.

Mr. DEACHMAN: I will let my hon. friend choose any year he wishes, but if I were to give those it would only show the extent to which our trade fell off after the government of my hon. friend came into office. I do not want to make this a political issue. The imports from the United Kingdom dropped from $189,000,000 to $129,000,000. There is a strong feeling in the United Kingdom that we drove a very hard bargain when we negotiated the empire agreements with that country. A bargain is never a real bargain unless both parties to the transaction make a profit. When you drive a bargain in which the loss is entirely upon the other side, then you have lost the deal. That is especially so when it is a national transaction. You may have sharp practices with an individual and get away with it, but a nation must be honest, it must be square in its dealings.

Mr. CAHAN: Is the hon. member insinuating that sharp practices were applied to the British delegates at the conference?

Mr. DEACHMAN: The leader of the government of that day was emphatic in the statement that he was going to bargain in a tight, hard way, there is no question about

that. Were it not for that fact, where did the phrase, "blast our way into the markets of the world" originate?

Mr. CAHAN: I ask my hon. friend either to make his reflections clear or to retract them.

Mr. DEACHMAN: I am making my reflections quite clear. We drove a hard, tight bargain.

Mr. CAHAN: If the hon. gentleman will allow me to interrupt, I should like to say that there was no hard, tight bargain driven. I was at every conference between the British and Canadian delegates. If we had given all that the British delegates demanded, it would have been such a hard bargain for this country that industry could hardly have survived.

Mr. BAKER: I think the hon. member should be asked to withdraw the words "sharp practices."

Mr. DEACHMAN: Here is the record of the bargain. Exports to the United Kingdom in 1930 stood at $283,000,000.

The CHAIRMAN: I think this discussion is taking in a rather wide field. I would request hon. members to confine their remarks to the item before the committee. We are now on item No. 7.

Mr. DEACHMAN: I am dealing with a question involving the importation of vegetable oils into Canada, and I propose to submit this argument. We are now engaged in negotiation not only with the empire but with the United States for the extension of our markets. I submit that it is perfectly appropriate for me to point out that restrictions upon imports into this country must necessarily restrict exports. I was illustrating this fact by stating that in 1930 our exports to the United Kingdom were $283,000,000 and in 1937 they had increased to $409,000,000. Our imports from the United Kingdom were $189,000,000 and they dropped to $129,000,000. What happened in connection with vegetable oils? In 1933 our imports of vegetable oils from the United Kingdom amounted to $1,005,000 and in 1937 they had increased to $6,288,000. I submit that here was one little ewe lamb that we managed to offer to Great Britain. We offered her a market in this country for certain types of vegetable oil, and she took advantage of that offer. When there is one item of a few million dollars that seems to stand out, hon. gentlemen on the Conservative side rise up with one voice and say, "Let us restrict the imports of this commodity." I ask, where are we going? Do we want markets or do we not want them?

[Mr. Deachman.]

We are endeavouring as best we can to expand our markets for agricultural products not only in the United States but in the United Kingdom. It is, I submit, the most vital issue in this country to-day.

Mr. CAHAN: Will the hon. member permit a question?

Mr. DEACHMAN: Yes.

Mr. CAHAN: Can he tell me the amount in value of vegetable oils produced in the United Kingdom in any recent year?

Mr. DEACHMAN: We are buying them from there.

Mr. CAHAN: I should like to know what is the amount in value produced. The quantity produced is infinitesimal.

Mr. DEACHMAN: We are purchasing these oils refined or partly refined from the United Kingdom, and this is the market so far as the United Kingdom is concerned. I might counter by asking what products we ship abroad and what proportion is produced in Canada; but we cannot go into those details to-day. The broad fact is that we must receive payment for the products which we export or we cannot continue to export them, and in face of the fact that we are now engaged in trade negotiations we have the suggestion made in this House of Commons, by men who, I presume, are definitely interested in the welfare of agriculture, that we should announce increased restrictions on the import of vegetable oils from the United Kingdom and also duties upon agricultural products coming in from the United States—that is what it ultimately involves.

Mr. DUNNING: Mr. Chairman, on a point of order arising out of your ruling, now that my hon. friend has stated what might be called the other side, could we not get back to the real point before the committee?—which, as I understand it, is whether this parliament is prepared to have $120,000 expended on the study of agricultural economics. I think, sir, your ruling was quite correct, that the discussion should be confined to the purpose for which the money is to be voted. The question is not the importation of vegetable oils or the usual budget debate on tariffs, either high or low, free trade or protection, but whether it is a good thing and a sound thing that there should be an organization in the Department of Agriculture to make an intensive study of agricultural economics, and of course to produce reports and make them available to parliament. The ruling, I submit, should be adhered to, but I hesitate to interrupt my hon. friend because he was stating the other side.

Mr. DEACHMAN: I have no objection whatever to the ruling of the Chair, and I would hesitate to take any exception to a ruling, but I do suggest that we have been discussing this question for nearly three-quarters of an hour; there was no protest when it started, and yet when I am stating my case, which is a refutation of the argument made by those who are opposing me from the Conservative side, then we have these rules of order raised.

Mr. DUNNING: Oh, no. I think the hon. member has stated his case pretty completely. I had no intention at all of raising a point of order against him. I was not in the other night when the Chairman made his ruling, but it seems to me a common sense ruling. My hon. friend has just stated his point admirably, and I thought that was an appropriate place to try to get the committee back on the rails. However, it is entirely in your hands, Mr. Chairman.

Mr. ROWE (Dufferin-Simcoe): While I do not agree with the hon. member for Huron North (Mr. Deachman), yet on the point of order, Mr. Chairman—

Mr. DUNNING: The point of order is decided.

Mr. ROWE (Dufferin-Simcoe): The Minister of Finance was speaking to it.

Mr. DUNNING: No, I was simply suggesting that the ruling should be enforced.

Mr. POULIOT: As your ruling, Mr. Chairman, was broad, and as the subject matter is very broad, may I point out with regard to trade with the United Kingdom that one should consider not only production over there. That would be a great mistake and would show very deep ignorance, because it is well known that with regard to butter, for instance, speaking in a wide sense, in England the sales of butter exceed greatly the production of butter, and the same with a great many other commodities.

The CHAIRMAN: Order. The hon. member is out of order. We are discussing item 7, and if the hon. member will turn to page 55 of the details of the estimates he will find that the item is made up entirely of salaries. I would ask the hon. member to confine his remarks to item 7.

Mr. DEACHMAN: Mr. Chairman, I desire to deal again with the point brought up a moment ago with regard to the importation of vegetable oils. The hon. member for Haldimand (Mr. Senn) suggested that the effect of the importation of vegetable oils would be the addition of, I think it was, approximately 35 cents a hundred, to the price of hogs in the Dominion of Canada. He quoted from a document which he said was prepared by Canada Packers, and I suppose I may be permitted now to quote from the same document in respect to this important item:

> A careful calculation indicates that the duty proposed would involve an increase in the cost of household necessities not less than $15,000,000 per year. This is equivalent to $7 per family. And the weight of it would fall principally on labour and farm families, which are the largest consumers of bread and soap.

I submit that when we consider the investigation of vegetable oils we ought to consider very carefully the reduction in the purchasing power of the Canadian people which would result from the addition of a total bill of $15,000,000 to what labour, the farmer, and the consumers of Canada generally would have to pay for two ordinary household necessities.

Mr. COLDWELL: May I ask the minister what the duties of the senior agricultural economists will be?

Mr. GARDINER: The senior agricultural economist is Mr. Booth, who was appointed in 1929 for the purpose of making investigations into the economic side of agriculture. It is not his duty, as I pointed out on three or four occasions last Thursday afternoon, to make investigations into the relationship of the tariff to the exportation of goods from Canada or the importation of goods into Canada. That is the duty of the tariff board. His duty is to make investigations in, say, Saskatchewan as to the costs of producing certain commodities or as to the cost of operating farms under certain circumstances, or as to whether one type of farming would be beneficial as against another type, and all subjects of that kind having to do either with the marketing or with the production of farm commodities.

Mr. COLDWELL: Have these inquiries been begun? Are they being conducted at the present time?

Mr. GARDINER: Quite a number of them have been carried on over a period of years. There have been investigations into the marketing of fruit and vegetables, such as a study of the marketing of fruit and vegetables in the city of Toronto, an investigation of the variations in price received for apples exported from Nova Scotia, an investigation of distribution costs of fruits and vegetables distributed by wholesalers and jobbers, wholesale fruit and vegetable distribution costs. There is a whole page of them.

Mr. COLDWELL: The minister mentioned western Canada. What work is being done in this regard in the prairie provinces?

Mr. GARDINER: Land utilization surveys, 1937, and an economic land utilization classification in Saskatchewan.

Mr. COLDWELL: With regard to the surveys for land utilization, the members of that staff are, I believe, highly qualified soil chemists. Is this the place to ask for information regarding the rates of salary paid to these men? I understood the minister to tell me last year that they were classified as graduate-labourers.

Mr. GARDINER: The proper place to discuss that would be under experimental farms, on the next page.

Mr. COLDWELL: The minister spoke of land utilization. I thought this might get the discussion back to the item, as a matter of fact.

Mr. POULIOT: Under this item I see: two senior agricultural economists, two agricultural economists, two senior assistant agricultural economists, two assistant agricultural economists, and one junior agricultural economist. I suggest that the minister should be very careful about economists, and should have business men of his own type in the first place; even if they are economists on the side I would have no objection to it. But in certain departments we have too many doctors, and I have suggested already that we should see them in full regalia: we have too many doctors, we have a pest of doctors, and at times they are fake doctors.

Mr. THOMPSON: What about the lawyers?

Mr. POULIOT: I do not mean doctors of medicine like my hon. friend from Lanark; I mean fake doctors in sciences, and especially doctors in philosophy. I am afraid of these people because they are dreamers, they are not practical men. I should like to see all these economists of lower grade replaced by men of high standing who have experience in agriculture, men of the type of the minister and other good men I see here in the house. They would do much more for the farmer and the country than some of those who are now in the Department of Agriculture. That is all I have to say about it for the time being.

Mr. BARBER: Under this division of the department has any investigation been made into fruit marketing and production and dairy production in British Columbia? I believe that these activities are supposed to be carried on in conjunction with the local officials. If so, what has been done?

[Mr. Gardiner.]

Mr. GARDINER: We have had investigations into creamery management and into milk consumption in British Columbia, and at present there is being organized an investigation into the fruit industry of that province.

Mr. LENNARD: Can the minister tell me where these different economists are located at the present time?

Mr. GARDINER: All of the officials whose positions are listed on page 55 work from a central office in Ottawa, but they may be carrying on duties in British Columbia or Nova Scotia or Saskatchewan—as a matter of fact, in any part of Canada.

Mr. BAKER: Do they ever leave their Ottawa offices and go out and see the land at all?

Mr. GARDINER: Oh, yes; they go out continuously from the Ottawa office. They make investigations in different parts of Canada.

Mr. BAKER: Go out and take a peek at it once in a while; is that it?

Mr. PELLETIER: To come back to the question asked a moment ago by the hon. member for Rosetown-Biggar (Mr. Coldwell), I have in my hand a report of the Department of Agriculture, and amongst the duties listed under the economics branch are the following:

> The research activities of this branch were continued during the past year. The special phases of research emphasized have been: A study of the cost of production of milk in Ontario; land utilization in Saskatchewan and Alberta. . . .

I believe the hon. member for Rosetown-Biggar made it clear that he was referring to land utilization in Saskatchewan and Alberta, so that under this particular heading I believe I shall be in order in making a few remarks concerning land utilization in those two provinces.

I know the minister believes that eventually the drought areas of Saskatchewan, Manitoba and Alberta will come back into their own. For many years past I have agitated along the line that these people, instead of being kept continuously on relief in the areas in which they live, would be in a much better position if definite steps were taken to establish them—those of them for whom there is no hope in the future—in other areas in the northern parts of our provinces where they would have at least some opportunity and hope of reestablishment. This economics branch could very well undertake, for example, the study of wooded soils and their management. It is a subject which

in my opinion comes definitely within the purview of this branch. I understand that some work of this kind has been carried on in the past by various provincial governments, but in order to get at the root of this problem the economics branch should undertake a survey along lines which would give reasonable hope that a solution shall be found where apparently no solution exists at the present time.

I have often spoken about the Peace River country. I happen to know that in that particular part of Canada there is a vast area which needs development, which could easily locate many thousands of settlers who have no hope of recovering their lost fortunes in the places where they are settled at the present time. Apparently it is impossible to foresee with any degree of accuracy just how long it would take to rehabilitate them under the uncertain conditions which they have to face. The point is this, that year after year we in this parliament are required to appropriate vast sums of money in order to relieve the situation in the drought area, and I believe that one permanent way to meet that condition would be to investigate those parts of Canada which are capable of agricultural development. Eventually these people would no doubt be better off, and the government would benefit financially—and so would the taxpayers of Canada—if they were provided with new locations in areas where drought is unknown.

I realize that drought may be the result of a man-made condition and eventually might afflict these places which it is proposed to develop. That is why I maintain that proper research work in the undeveloped wooded areas in the northern parts of our provinces would certainly afford information which at the present time is not possessed by the Department of Agriculture. I do not know what work has been done along that line, but I believe that in that direction lies at least a possibility of doing away with a large part of the burden of assistance which we have been carrying. Furthermore I wish to point out exactly what it means from the standpoint of the original family itself. We find these people in various drought areas in Saskatchewan living on hope year after year, always hoping that perhaps the next year will be a better one. Yet what happens? Bitter disappointment, bitter failure; that is always the extent to which their hopes materialize. I am sure there are certain places in Canada where we could very well settle these people, make new homes for them, and free them from the conditions under the disadvantages of which they are now existing. As I have said, sometimes drought is the result of development and the opening up of the land too quickly; therefore I believe valuable investigatory work could be done by the economics branch of the department. I look forward to the day when the greatest volume of production in the prairie provinces will come from the northern section.

Under this same heading I notice that the marketing of fresh fruits and vegetables in Toronto is one of the functions performed by the economics branch.

Mr. GARDINER: Not the marketing; they are making an inquiry into marketing.

Mr. PELLETIER: I would like them also to make an inquiry into the marketing possibilities in the Peace River country. I have agitated up there for many years for a coast outlet so that we could secure fresh fruits grown in British Columbia, and I shall lose no occasion to point out that in the Peace River country there is a vast market for British Columbia fresh fruits. The population is close to 70,000, and I am continually receiving letters to the effect that if there were an outlet from the Peace River country to the British Columbia fruit districts they would find in that part of Alberta a large market for their fruit. There is a vast internal market for our products, and it should be one of the functions of the economics branch to ascertain and make known the manner in which these markets may be secured, or how the people can use the products which we produce in abundance. I think this study should be extended beyond the city of Toronto, and if it is found that other areas in Canada are capable of absorbing products from other parts of the country, the method to be used in getting the product to the market should be studied by that branch. We do use some fruit in the Peace River district at the present time, but the freight rates are so high and the haul so long that the people cannot afford to buy the British Columbia product. Yet in a direct line British Columbia is very close to the Peace River country.

Coming back to my first point, I think the minister should seriously consider the possibility of reestablishing settlers from the drought area in areas which are known to be productive but are at present undeveloped. We have hundreds of thousands of acres of such land in the Peace River country, and I am sure some arrangement could be made between the dominion government and the province concerned to permit these people to establish themselves in the northern part of our provinces. I speak of northern Alberta because I know it best, but I feel sure the

same thing applies to northern Saskatchewan, where I believe there are thousands of acres of undeveloped land awaiting settlers. Just picture the situation: we keep these people year after year in the dried out country in southern Saskatchewan, Alberta and Manitoba, while we have at our doors vast areas of land capable of production. The result of transferring these people would be to give them a better hope in the future, and materially and permanently to lessen the amount of money required to maintain them in the drought area. A relocation of the farmers from the drought areas of western Canada in productive areas now unoccupied is a subject which offers the minister great opportunity for study and action. I should like to know whether he considers that such a survey might well be made by the economics branch of his department.

Mr. GARDINER: The money for carrying on such work as that to which the hon. member has just referred is voted in the supplementary estimates in connection with our rehabilitation program in the drought area. It is not part of the work carried on directly by the Department of Agriculture, but it is carried out through that department under the Prairie Farm Rehabilitation Act. We shall have opportunity of discussing that at length when we come to that vote.

Mr. PELLETIER: Then what do the words "land utilization in Saskatchewan and Alberta" mean?

Mr. GARDINER: These investigations are general inquiries into land utilization in all parts of Saskatchewan and Alberta—that is, occupied land. It does not refer to soil conservation, which is dealt with through the experimental farms branch and the universities of the different provinces through their agricultural colleges. It is really centralized in our plant at Swift Current in connection with the experimental farm there. The work consists of examining into the nature of different soils, and is carried on continuously. It is financed partly by the provincial governments, partly by grants from the federal government, and, as far as Saskatchewan is concerned, partly by a fund which was set up following the operations of the wheat board during the war, about $250,000, the interest on which is expended each year in making a soil survey. The whole province is now mapped. If you are going there to farm you can examine a map in my office or in any other agriculture department office in Canada and select the kind of soil you desire. The mapping of the other provinces is being proceeded with.

[Mr. Pelletier.]

Mr. PELLETIER: Do I understand that this branch of economics has the painful duty of attempting to make the drought areas produce? If that is so, then the suggestion I have made is well worthy of consideration. It might be possible to consolidate these two divisions in order that their combined efforts might lead to some satisfactory result.

Mr. GARDINER: That is done now.

Mr. PELLETIER: Well, does "land utilization" mean an attempt to revive the dried-out areas in which the people are at present living on relief?

Mr. GARDINER: It deals with land now occupied by persons who have perhaps been living there for forty or fifty years. The economics branch gets a complete record of what has happened on that farm, analyses it and compares it with what has happened on another farm on a different type of land. As a result we get a picture of conditions in the different communities. All the information this economics branch gathers in that kind of survey is available to those who are carrying out what may be called land utilization policies. As we get the people off certain types of land, as a result of what we have found out we put them on other types of land. But the actual expenditure on this work of moving people about or doing anything in connection with those areas is made under our supplementary vote and not this vote.

Mr. STIRLING: This work is purely statistical?

Mr. GARDINER: Yes.

Mr. PELLETIER: I understand that in certain provinces the land in certain areas is being repossessed by the province. Would there be any assistance from this branch to enable the provinces to know what areas they should retake or repossess? I am sure the minister is just as familiar as I am, or more so, with the particular projects going on in the various provinces.

Mr. GARDINER: Yes, that work has been going on since 1935, and it is the information which has been gathered through that work that is being utilized in our present rehabilitation work.

Mr. COLDWELL: I understood the minister to say that maps were available showing the classification of the soils in the different provinces. Is that work undertaken north of latitude 54 in Saskatchewan? Has the department started on that?

Mr. GARDINER: There is some work being done up there, but I doubt if it is mapped north of 54. There is some line drawn across the north end.

Mr. COLDWELL: I was thinking of the Goodsoil area.

Mr. GARDINER: There has been considerable work done in the Goodsoil area. I am not sure that it is mapped, but all the settled part in the northern part is pretty well mapped.

Mr. COLDWELL: The work is being continued up there? That is all I wanted to know.

Mr. GARDINER: Yes.

Mr. QUELCH: Is it possible to get detailed reports of these surveys?

Mr. GARDINER: Yes, the maps can be secured. They are for sale at the experimental farm, and I think they can be procured also at the university of Saskatchewan.

Mr. QUELCH: Is there a report as well?

Mr. GARDINER: Yes, there is an inscription on the bottom of the map from which anyone can ascertain the condition of the soil at any point.

Mr. PERLEY: I was pleased to hear the minister say that the investigation was being carried on in Saskatchewan under this branch of his department, with respect to land utilization. I suggest that if such work had been done twenty-five or thirty years ago that province would not be in much of the difficulty with which it is faced to-day, because a great deal of it never would have been turned up to the sun by the plow but would have remained ranching country. I presume that after these reports are made the minister will carry on his work of trying to convert some of that land back to ranching country, and possibly it will be better utilized in that way.

I want to suggest that this department might well investigate the system employed in Saskatchewan in collecting cream. The creameries are established in large centres, and there is much waste under the system now employed. Several large trucking companies cover the same territory, which certainly must mean added cost. I suggest—and this has been mentioned to me by members of the dairymen's association—that zones be established for the collection of cream and routes laid out by someone in authority, in order to avoid the overlapping occasioned by the trucks covering the same territory. Certain members of the dairymen's association have represented to me that a considerable saving could be effected if this were done. I should like the minister to make some investigation along that line.

I was interested to-day in listening to the hon. member for Huron North (Mr. Deachman) making his usual address on free trade, which as usual fell on deaf ears. He said what we wanted was markets. That is true enough, but I want to see the agriculturists and dairymen of western Canada have a fair opportunity to compete for at least their own domestic market. While this importation of vegetable oils continues I do not think they have a fair opportunity even to retain their own market.

Mr. GOLDING: I rise to a point of order. Surely it is absolutely unfair to refuse one hon. member permission to speak on a certain matter and then allow another hon. member to go on and deal with it.

Mr. ROWE (Dufferin-Simcoe): He was supposed to have been through.

The CHAIRMAN: I think the point of order raised by the hon. member for Huron-Perth (Mr. Golding) is well taken. I was about to rise and point out to the hon. member for Qu'Appelle (Mr. Perley) that he was out of order, for the same reason that I considered the hon. member for Huron North (Mr. Deachman) out of order.

Mr. PERLEY: I shall have to bow to your ruling, Mr. Chairman, but I have been interested this afternoon to note that the only statements we have had from hon. members on the government side have been points of order, to try to shut off the discussion of one of the most important matters in western Canada to-day. If the minister will assure us that under item 12, possibly, we shall have an opportunity to discuss the question of the importation of vegetable oils, I shall be quite willing to leave it at that.

Mr. ROWE (Dufferin-Simcoe): Looking over the report of the department for last year I see that the work of the agricultural economics branch included a study of terminal market facilities for fruits and vegetables in the city of Toronto and a utilization of farm lands in Saskatchewan. Following what has been said by the hon. member for Peace River (Mr. Pelletier) I wish to bring to the attention of the minister the advisability of giving some study to the utilization of farm lands in Ontario. I quite realize that vast areas in the western provinces might be more effectively utilized, but I also believe that the utilization of great areas in the northern part of Ontario might be brought about by careful investigation and methodical research.

Mr. GARDINER: And southern Ontario also.

Mr. ROWE (Dufferin-Simcoe): Most of southern Ontario is being pretty well utilized now; however, I would appreciate an extension of the study into the southern parts as well. My hon. friend from Essex East (Mr. Martin) shakes his head, but it appears to me that a study of this kind in his own district would be of great importance. I am glad he utilizes much of his time in the interests of agriculture. No studies have been made so far as I know—at least we have not observed results from any—as to what different districts might accomplish in the way of greater economic production. I believe we have fallen far short throughout the whole dominion in the utilization of our vast agricultural areas. We are many years behind in having what might be termed a zoning policy, giving special study, consideration and encouragement to different districts to produce the crops to which they are most suited. I am glad to note that even in some parts of Peace River they believe they can produce vegetables, and with good reason, because I have seen some of their vegetables which are comparable to those produced in southern Ontario. Certain districts are more suited to the raising of live stock and to dairy production, while others are undoubtedly better suited to grain production. I see some hon. members smiling with pride when they think of the Ottawa valley and districts in eastern Ontario that are more adapted to live stock and dairy production, but there are districts in central Ontario which undoubtedly are more suited to the production of grain. Other districts in the western and northwestern part of lower Ontario are also adapted to the production of live stock, while in the south and southwestern part of the province there is land the rich soil of which might be utilized to greater advantage than it is at present.

I rose particularly, however, to bring to the attention of the minister the need for study of the utilization of agricultural lands in northern Ontario. In many parts of northern Ontario there are rich and fertile agricultural soils, but the climate is cold and the seasons short. I do believe that the constant application of more scientific methods of production in many parts of northern Ontario which today are not giving returns sufficient to encourage agricultural development, would return a substantial improvement. This is all the more important in view of the steady development of the great mining industry.

It has been my privilege to visit northern Ontario, to see some of their excellent crops and to talk to men who have shown their vegetables at the Canadian National Exhibition and the Royal Winter Fair. I talked to a man who in one year won a championship for potatoes produced in the community outside Timmins, where the season is short indeed. I have seen the excellent herds of dairy and beef cattle in northern Ontario, and have at the same time been reminded that consumers in that district are paying more for their meat and dairy products than are the consumers in southern Ontario, despite the fact that the farmers in the district who are struggling to establish herds and to promote agriculture are at times selling their beef cattle at prices lower than those received by farmers adjacent to Toronto. Cattle are shipped to Toronto, slaughtered and then shipped back to the mining districts of Timmins, Kirkland Lake and Sudbury, and the farmers who produce meat products in that part of the country are receiving much less than the farmers in southern Ontario. These are matters closely related to agricultural economics which might be considered by the economics branch of the Department of Agriculture.

The hon. member for Peace River has truly stated that the long freight hauls from British Columbia affect the consumption in his constituency of fruits and vegetables. A similar system of freight rates affects the dairy producers in western Canada. Some years ago western Canada produced only cereals of different kinds, and was not considered seriously in connection with the production of live stock and animal products, but we have lived to see the day when the value of dairy products in Canada has been substantially greater than the value of our wheat production. Although I am not sure of 1931 and 1933, I do know that in 1932 the value of dairy products was greater than that of wheat production. Some other hon. members may be more familiar than I am with dairy production in Saskatchewan, Alberta and Manitoba. But the economics branch in its report of last year recognized the importance of the establishment of terminal market facilities for fruits and vegetables in Toronto, and it must be of equal importance to study market conditions respecting other agricultural products which must be carried by long freight hauls.

When we know that it costs $1.86 per hundredweight to ship butter from the community surrounding Winnipeg to Toronto, that it costs $2.65 to ship from the Regina section of Saskatchewan and $3.33 from the Edmonton district of Alberta, we realize at once the importance of freight charges. The rates are correspondingly large to Montreal and other eastern centres. While I am not

deviating from the point at issue, or for the moment attempting to answer the hon. member for Huron North, I feel that if we who live in the southern and eastern parts of Canada are to reap the benefits of industrial development and advancement we must give careful study to that phase of agricultural economics which so directly affects the welfare and prosperity of the farmer in other districts. The figures indicate that one must pay $1.10 per hundredweight to ship lard from Winnipeg to Toronto, $1.45 to ship it from Regina and $1.76 from Edmonton. Tallows and other coarse fats are shipped at cheaper rates in tank cars. Vegetable oils are shipped in to Toronto and Montreal in tank carloads at twenty-five cents per hundredweight in competition with our animal products.

The minister may contend that I am deviating from the point at issue—

Mr. GARDINER: You have never reached it.

Mr. ROWE (Dufferin-Simcoe): It may be by your tariff board.

The CHAIRMAN: I would ask the hon. member to confine his observations to item 7. As points of order have been raised this afternoon I must ask that he conform with the rules.

Mr. ROWE (Dufferin-Simcoe): I shall be pleased to abide by your ruling; that is the reason I did not attempt to answer the hon. member for Huron North who, I suggest, deviated farther than I have from the point at issue. Agricultural economics with respect to marketing conditions are of vital importance. The hon. member for Peace River, I submit, was quite in order when he mentioned freight rates in connection with the utilization of production within the dominion.

The economics branch of the department should long ere this have been directed to give more careful attention to the development of markets and the utilization of products in some sections of the country. This is a matter which, although not entirely divorced from the investigation by the tariff board, is to some extent outside it. The other matters for the consideration of the board deal with specific items entering Canada, the wages paid, the processing, the standard of living and other matters relevant thereto. It is my firm belief that the economics branch should give careful consideration to the question whether some of the products which are regarded as not interfering or directly competing with live stock products or, in fact, are in actual competition with them.

We are capable of producing sufficient butter fat, lard, edible tallow and greases and oils to meet the requirements of the country. Eastern Canada alone could produce sufficient of these products to meet all requirements and, if it was profitable, western Canada could produce still more. We have 318,000 dairy farmers in Canada, all of whom are vitally concerned in this issue. If you ask these farmers in what branch of agricultural economics they are interested, they will reply that it is in the finding of better markets for their products. They are more interested in that than in any research as to what may be a better producing district than another.

Then the soya bean and linseed oil production should be considered. The hon. member for Essex East might give some study to the production of soya beans in his district.

Mr. MARTIN: I made a speech in the house on that subject.

Mr. ROWE (Dufferin-Simcoe): My hon. friend made a speech on that matter. He also has a large automobile industry in his constituency which offers an enormous market for agricultural production.

Mr. YOUNG: The farmers could be helped still more by giving them cheaper automobiles.

Mr. ROWE (Dufferin-Simcoe): If the hon. member for Saskatoon (Mr. Young) can induce the chairman not to rule against me, I shall be glad to deal with that.

The CHAIRMAN: Order.

Mr. ROWE (Dufferin-Simcoe): I am ordered by the Chair not to answer that question.

I should like like to see the production of soya beans and linseed oil increased, to the benefit of the agriculturists of this country. Some districts are more suitable for this type of production than others. We have the manufacturing equipment for the processing of these products. I urge upon the minister that a careful study be made of this matter, quite apart from the consideration being given to it by the tariff board. These issues vitally affect the agricultural prosperity of this dominion and concern the future welfare of the live stock industry of Canada. I say this in all seriousness and with no desire whatever to hold up the estimates.

Mr. GARDINER: I would not suggest that at all. This reminds me of one of the hon. member's speeches that lost Ontario.

Mr. ROWE (Dufferin-Simcoe): The minister has mentioned election speeches, but all this is aside from the issue. If a careful study is not made of the effect of the importa-

tion and use of vegetable oils upon the production of animal products, a day will come when the old-line free traders who now shake their heads will regret that they did not stop such importations in time to save the government of the day from defeat.

Mr. DEACHMAN: Only thinking of the old-time promises?

Mr. ROWE (Dufferin-Simcoe): The farmers are the one class of people who have not an organization to present the facts of their case to a board of investigation. They have few organizations similar to those possessed by other producers or classes in the dominion. I believe that I speak to no small extent on behalf of hundreds of thousands of dairy farmers and other farmers when I say that in these times we cannot afford to lay our home markets open to the competition of tropical countries which can produce these things much more cheaply than we can. A careful study should be made of the effect of this competition and whether these products are entering markets which properly belong to the live stock industry, the basis of agriculture in Canada.

Mr. PELLETIER: Mr. Chairman, no hon. member knows better than I do the justness and impartiality with which you preserve order in this committee. It is for that reason that I venture to rise to say a few more words upon a subject which I cannot permit to be dropped without further explanation. A moment ago I referred to the attempts being made to develop newer areas and to remove people from drought areas into other parts of the country. The great danger in doing this is that those who do not believe in such a plan are often prone to go about the country and say that those favouring the plan desire to drive the people from their homes, from the centres which they have known since childhood and from the places where their children have received their education. I do not believe that a scheme of this type should be carried out on a compulsory basis. I merely suggest that those who desire to avail themselves of this sort of hope for the future, if I may put it that way, should have at their command satisfactory knowledge as to what they will have to face. They should be supplied with the most accurate information as to what they may expect to find in the new areas.

This is a problem with which I am acquainted personally. Five years ago the United Farmers of Alberta government took people from the Sunnynook area and moved them up into the Peace River district. A large number of these people arrived one day at Falher, where I reside, to establish themselves some twenty miles south of the town. They came from a district where they had been living year after year in the hope of having a crop. A decisive step had been taken on their behalf. I know that this must be most boring to many members of the committee.

Mr. GARDINER: I do not mind listening to speeches that have to do with the matter under discussion, but as I said before, this whole matter will come up under the vote for that purpose. If there is any more discussion on this item, we are prepared to listen to it, if not, I think we had better ask that the item stand.

Item stands.

DEPARTMENT OF NATIONAL DEFENCE

Pensions and other benefits—civil pensions—**Robert Allen, $269.52.**

Hon. IAN MACKENZIE (Minister of National Defence): Mr. Chairman, these and the following items on the same page are all for the payment of life pensions to civilian employees who sustained injuries in the discharge of their regular duties which resulted in permanent disability, also pensions to dependents of civilian employees who were killed in the discharge of their regular duties, the pensions being calculated on the basis of the provincial workmen's compensation acts in the various provinces. As these cases do not come under provincial or federal acts, these sums are voted every year.

Mr. TAYLOR (Nanaimo): May I ask in what connection these injuries were sustained?

Mr. MACKENZIE (Vancouver): On January 3, 1916, Mr. Allen, who was employed as a civilian truck driver for the mechanical transport branch, suffered an accident which resulted in a permanent disability. While he was driving a truck, the fly wheel burst into pieces, and the flying pieces struck him, breaking the bones of the ankle, also above the ankle in two places. As a result there is complete ankylosis of the ankle joint, with the foot at a right angle to the leg, and no active movement of the toes of the foot. The outer side of the foot is short almost two inches.

Mr. TAYLOR (Nanaimo): My question was asked because I have received letters claiming consideration by the government for wounds received during the strike of 1919 in Winnipeg. Is the minister able to inform the committee whether any such claims are being considered by the government?

Mr. MACKENZIE (Vancouver): In connection with the military personnel?

Mr. TAYLOR (Nanaimo): No; civilian.

Mr. MACKENZIE (Vancouver): It has not been drawn to my attention.

Mr. TUSTIN: Is Mr. Allen still in the employ of the department?

Mr. MACKENZIE (Vancouver): No; he is not able to work, I understand.

Item agreed to.

Civil pensions—Florence Walker, $360.

Mr. SENN: Why are some amounts larger than others? Are these cases all incapacitated and unable to work?

Mr. MACKENZIE (Vancouver): The compensation is based on the scale provided by the compensation act in the province in which the injury took place.

Mr. SENN: It is on the same basis?

Mr. MACKENZIE (Vancouver): Yes.

Item agreed to.

Militia services—Royal Military College, $381,500.

Mr. MACKENZIE (Vancouver): This item was discussed for a considerable time on Friday evening.

Item agreed to.

Cadet services, $139,500.

Mr. HAYHURST: What are the amounts granted to each province?

Mr. MACKENZIE (Vancouver): The amounts depend on the number trained in each province. I shall give the strength in the various provinces as of August 31, 1937; Nova Scotia, 1,526; Prince Edward Island, 885; New Brunswick, 1,561; Quebec, 49,866; Ontario, 21,531; Manitoba, 1,723; Saskatchewan, 851; Alberta, 1,151; British Columbia, 1,245; making a total of 80,339.

Mr. PELLETIER: I see that pay and allowances are provided for all ranks. Is payment made to the cadets themselves or simply to the officers commanding?

Mr. MACKENZIE (Vancouver): There is a grant of one dollar made on behalf of each cadet between fifteen and eighteen years of age who qualifies.

Mr. STIRLING: Is there any allowance now for uniforms, as there used to be?

Mr. MACKENZIE (Vancouver): No.

Mr. STIRLING: Would the minister not consider restoring to an extent that assistance towards uniforms? I should be glad if he would. I personally come into the matter to the extent of being connected with a sea cadet corps in my own town, and there is another one close by. I appreciate the work done voluntarily by those connected with these corps, and the effect on the boys so trained. The expenses which have to be met come principally at the present time out of the pockets of the citizens, and it is quite right that this should be so in many instances, because they are related to the cadets, but I should like to see a little further assistance given by the department. Considering the trend of the times and the fact that the reductions were made when times were not as prosperous, shall I say, I wonder whether the minister would not seriously consider giving a little further assistance to the cadet services.

Mr. MACKENZIE (Vancouver): I shall be very glad indeed to take the suggestion of my hon. friend into careful consideration. The reductions were made in 1931, when conditions were extremely difficult. I quite agree with my hon. friend as to the valuable services performed in connection with the cadet movement, and that applies not only to the land cadets and the sea cadets but to the splendid services of the air cadets whom we have at Port Hope, and it is hoped that the air cadet service will be extended in the near future.

Mr. BARBER: At what points in British Columbia are the cadet corps located at the present time?

Mr. MACKENZIE (Vancouver): There are twenty units in British Columbia as of August 31, 1937. I have not at the moment the locations of the stations.

Mr. MacNICOL: How many units of sea cadets are there in Canada?

Mr. MACKENZIE (Vancouver): I shall get that for the next sitting. They are not separated in my book from the ordinary cadets.

Mr. GREEN: What provisions are made for enabling the sea cadets to enter the Canadian navy?

Mr. MACKENZIE (Vancouver): They are given every possible preference. Some of them go on to the naval reserve after training, and their training stands them in good stead. They are given every encouragement and every possible preference.

Mr. GREEN: How many sea cadets have gone into the Canadian navy?

Mr. MACKENZIE (Vancouver): I could not say at the moment.

Mr. BARBER: At what age are they taken on?

Mr. MACKENZIE (Vancouver): At fifteen for cadets.

Mr. BARBER: But at what age do they go into the navy? I think it is twenty.

Mr. MACKENZIE (Vancouver): They can join the regular Canadian navy as boy seamen at the age of seventeen. The grants for cadets are limited to those from fifteen to eighteen years of age.

Mr. MacNICOL: Has the minister any intention of increasing this vote? Last year a number of us suggested that the vote be increased. I think it is one of the best votes we pass in this house. The cadet services have been most beneficial to this country, and from what the minister said last year I was hoping the vote would be increased this year.

Mr. MACKENZIE (Vancouver): I agree with my hon. friend. The vote, of course, depends on the number of cadets who qualify for the grant. I regret to say that there has been a decrease in the last year in the number of cadets. Perhaps if the recognition suggested by the hon. member for Yale were again accorded it might improve the situation quite extensively.

Item agreed to.

Non-permanent active militia, $2,830,488.

Mr. TUSTIN: There is a considerable increase in this vote. Will the increase be allotted among the units of the non-permanent forces to give them more training in camp?

Mr. MACKENZIE (Vancouver): Yes. Of the increase of $318,000, $250,000 is for additional training for all the units of the non-permanent active militia. The actual time of training varies, according to the branch of the service, from about eleven days up to twenty-one days for some of the technical units for coastal defence.

Mr. MacNICOL: Are they being trained with the most modern equipment?

Mr. MACKENZIE (Vancouver): Well, as far as the most modern equipment is available, they are. But at least they are trained in the theory of the most modern equipment. Some of that equipment is, of course, not yet available, but we are hoping to have it very soon.

Mr. TUSTIN: I was talking a few days ago to one of the officers of a regiment here, and I learned that that regiment is to go into camp for six days. I was led to believe that they would leave home on a Sunday and arrive home the following Sunday night, which is eight days, but they are to receive only six days' pay. The minister might well see that that does not happen. The non-permanent units are certainly giving great service to the country and are by no means adequately paid for the services they render. I do not think it is fair that the government should expect them to give two days of their time for nothing. I suggest that the minister should see to it that they get eight days' pay, or that they be paid from the time they leave home until the time they get back.

Mr. MACKENZIE (Vancouver): I am very glad to hear the observation of my hon. friend. I believe that the actual details in these matters are left very largely to the district officers commanding in the various military districts, but if there is any hardship in regard to any particular unit I should be very glad if hon. members will bring it to my attention. The general idea is to insist on at least five days' camp training. In previous years, largely owing to lack of funds, it was impossible to have much camp training; it was largely regimental and local training, but this year an endeavour is being made to insist upon camp training for all units.

Mr. TUSTIN: This is not a complaint from the non-permanent forces.

Mr. MACKENZIE (Vancouver): Oh, I understand that.

Mr. TUSTIN: But I was given to understand that those are the facts in this particular case.

Mr. BARBER: Will the minister explain this item of temporary assistance, $290,376?

Mr. MACKENZIE (Vancouver): In the group of the director of equipment and ordnance services, by military districts, the following is a summary of the number of employees: No. 1, 17; No. 2, 21; No. 3, 36; No. 4, 17; No. 5, 11; No. 6, 25; No. 7, 6; No. 10, 12; No. 11, 22; No. 12, 21; No. 13, 13; or a total of 201 employees, with additional caretakers 8, making a total of 209. The additional employees to whom I refer have been recommended by the district officers commanding in the various districts, consequent upon the reorganization of the militia eighteen months ago. Director of engineering services group: No. 1, 7; No. 2, 25; No. 3, 24; No. 4, 19; No. 5, 6; No. 6, 14; No. 7, 8; No. 10, 12; No. 11, 16; No. 12, 10; No. 13, 11; a total of 152. Miscellaneous group: M.D. No.

3, 1; No. 5, 2; No. 6, 3; No. 7, 2; making a total of 8. Total number of employees in three groups, 369:

Mr. BARBER: Is this clerical and labour?

Mr. MACKENZIE (Vancouver): Mostly in the caretaking class, I should think.

Mr. BROOKS: I quite agree with the hon. member who has just spoken, about the attitude the non-permanent militia has taken during the last number of years as far as service to the country is concerned. I know personally from seeing many officers and men that they have devoted their time during the years of depression with very little remuneration. I should like to ask the minister with reference to reserve battalions in the different units. As he probably knows, there are many officers put on reserve units when they are still quite young and could be of great value to the service. There is no use made of them in our non-permanent force. The active battalions go into camp and get their training. Yet some of the best trained officers we have, whose training has entailed a lot of expense as far as the country is concerned as well as a good deal of expense to themselves personally, are not utilized in any way. It occurred to me that it might be possible for the minister to devise some way in which they could be employed with benefit to the militia and to the country. Has the minister anything in mind with regard to that matter?

Mr. MACKENZIE (Vancouver): As a matter of fact that very point was brought to my attention a while ago by some of the militia officers. A memorandum was directed to the department with respect to the question. Certainly it is to be regretted that these men, at a comparatively early age, cannot be utilized except by giving the benefit of their advice and experience to the active units. The question of utilizing their services certainly deserves consideration. Of course if an emergency should arise these highly trained men are available.

Mr. LENNARD: What steps are being taken to create anti-aircraft units?

Mr. MACKENZIE (Vancouver): Steps have been taken with regard to the establishment and the training of anti-aircraft units in the dominion. Unfortunately we are handicapped by the fact that orders placed by my predecessor in 1935 for anti-aircraft guns have not yet been filled. For reasons which I have no doubt my hon. friend realizes it has not been found possible to supply them. In regard to the theory of training, we have anti-aircraft units, their establishment is complete, and they are receiving training.

Mr. GREEN: I am afraid that these units which are trained in theory only will not be much use in defending the country when it comes to destroying bombers and so on. Would the minister say just what equipment it is that we have not got with which to train our defence forces?

Mr. MACKENZIE (Vancouver): I think it is reasonably accurate to say that the training carried out in Canada compares very favourably at the present time with the training carried out in the territorial forces in England. I have authentic reasons for making that statement. Of course we have not got so far the most modern types of equipment, and in some cases that does constitute a handicap in regard to training. The two most pronounced types of equipment which are lacking to-day are, first, anti-aircraft guns, and second, the most modern type of heavy ordnance with the most modern mountings. Those are the two principal deficiencies in equipment.

Mr. GREEN: What about machine guns, also searchlights and equipment of that kind?

Mr. MACKENZIE (Vancouver): We have some supplies of various types of machine guns for training purposes. Of course the Lewis gun is now practically obsolescent or obsolete. We have a supply of Vickers guns and several more on order, and as my hon. friend knows, as regards the new type of gun we are taking steps now to supply our forces with it.

Mr. GREEN: Are there not also tank battalions?

Mr. MACKENZIE (Vancouver): Yes. If my memory serves me correctly there are six.

Mr. GREEN: Have we tanks in Canada?

Mr. MACKENZIE (Vancouver): We have armoured cars, which take the place of tanks for demonstration and drill purposes.

Mr. GREEN: Can we not procure tanks for training purposes?

Mr. MACKENZIE (Vancouver): They have been ordered some time ago.

Mr. GREEN: In regard to these different articles of equipment that are on order is there any reason why they cannot be manufactured in Canada, or why steps should not be taken at once to get ourselves in a position to manufacture them in Canada?

Mr. MACKENZIE (Vancouver): That has been very carefully considered.

Mr. GREEN: It does not seem to get very far. Are our manufacturing plants unable to manufacture goods of this kind?

Mr. MACKENZIE (Vancouver): I should think they would be able.

Mr. GREEN: When is it expected that we shall be able to obtain at least enough to train our troops with?

Mr. MACKENZIE (Vancouver): I think that before very long we shall have tanks available in Canada.

Mr. STIRLING: I take it item 184 or 185 would be the item under which to inquire further into the question of contracts for tanks and equipment generally?

Mr. MACKENZIE (Vancouver): Yes.

Mr. STIRLING: I noticed recently that the minister attended a dinner in Montreal and spoke to employers of labour, soliciting their assistance in facilitating employees going to camps. To what extent has that been successful? Have any further developments taken place, and were employers of labour ready to grant such facilities on full time?

Mr. MACKENZIE (Vancouver): On February 7 last I addressed a circular letter to the boards of trade and chambers of commerce throughout Canada, which I might read. It is as follows:

I should like to bring to attention a very important matter concerning preparation for the defence of Canada in time of war or emergency real or apprehended, and am taking the liberty of addressing this circular letter to boards of trade, chambers of commerce and other organizations through which can be reached those who employ members of the non-permanent active militia, the Royal Canadian Naval Volunteer Reserve and the non-permanent squadrons of the Royal Air Force.

Officers, non-commissioned officers and men of the Royal Navy, the permanent active militia and the Royal Canadian Air Force are competent and efficient but, as you well know, relatively very few in number. Man power which would be required in time of emergency or war would be drawn from the non-permanent forces.

The immediate purpose of this letter concerns the training of the non-permanent forces. Given that young Canadians in sufficient numbers offer to serve with the non-permanent forces, which indeed is the case, it becomes necessary to train them and this is carried out by members of the permanent forces.

Training of personnel of the non-permanent active militia, for instance, is carried out at local headquarters of the regiments or units. In the summer, training is carried out at military camps at different points throughout the country. Employers of non-permanent active militia personnel will grant that the training at local headquarters, usually carried out in the evening, does not disturb the ordinary course of work or employment. It may be somewhat different when the employee asks leave or absence in order to attend militia training camp.

The non-permanent active militia is the first line of Canada's land defences. It is to these officers, non-commissioned officers and men that Canada must look for national security. It is submitted that these soldiers are deserving of all possible assistance and encouragement. Speaking on their behalf, I would earnestly request the sympathetic consideration of employers in making it possible for members of the non-permanent active militia to train without feeling that their positions or employment may be adversely affected by such patriotic action.

It would be greatly appreciated if the gentlemen to whom this letter is addressed would extend their cooperation by bringing this request to the notice of all members.

That letter has had a very encouraging response from all over Canada. Active committees are at work amongst employers, and already instructions have been given by several large firms to encourage their employees to attend summer training camps, with the assurance that there is no danger of their wages being interfered with. In other words a feeling of security has been given, and I think that will be of great assistance to the non-permanent forces.

Mr. STIRLING: To what extent has the reorganization of the non-permanent active militia been carried out?

Mr. MACKENZIE (Vancouver): I think in regard to personnel of units it is practically completed. There may be some units of the technical services not entirely completed. The difficulty of course is to get the necessary equipment for training purposes.

Mr. GREEN: What is the authorized peace establishment of the non-permanent militia, and what is the actual strength at the present time?

Mr. MACKENZIE (Vancouver): The peace establishment as of June, 1937, was 85,982 and the strength was 45,631, but I happen to know that the training strength for the current year is 46,840.

Mr. GREEN: The peace establishment is shown in the last report of the department as 7,647 officers and 91,938 other ranks. Has that been reduced in the last year?

Mr. MACKENZIE (Vancouver): As my hon. friend knows, the paper strength was reduced at the time of the reorganization. I think we had a paper strength before the reorganization of 120,000, and that was reduced to about 90,000 at the time of reorganization

because certain units went out of existence and smaller units of a technical nature were formed in their place.

Mr. GREEN: The last report of the department is dated March 31, 1937; at that time the authorized peace establishment was over 99,000. The minister says that at the present time the peace establishment is 85,000. Has there been a reduction of 15,000 in the last year?

Mr. MACKENZIE (Vancouver): The figures I gave were as of June 30, 1937. Of course these would not be the figures at the present time.

Mr. GREEN: How does the minister account for the discrepancy between the figures on page 98 of the last annual report and the figures he gives as of June, 1937?

Mr. MACKENZIE (Vancouver): The correct figures would not be those shown at the end of the fiscal year. These figures are entirely paper strength, and not material in regard to the actual strength of the units.

Mr. GREEN: What is the actual strength of the permanent and non-permanent militia on the Pacific coast?

Mr. MACKENZIE (Vancouver): For military district No. 11 as of June 30, 1937, the non-permanent numbered 3,249. The permanent force on March 31 of the present year was 31 officers and 299 other ranks; total, 330.

Mr. GREEN: What proportion of the non-permanent militia is in the interior of the province—that is, would not be available for coastal defence?

Mr. MACKENZIE (Vancouver): I would not admit that they would not all be available for coastal defence. We consider that those in the interior would be available practically at once in any emergency.

Mr. GREEN: It seems obvious that in order to defend the coast we must have enough soldiers to man the fortifications and protect naval and air bases and also if necessary to repel raids. Does the minister think the forces he has on the Pacific coast at the present time are ample for that purpose?

Mr. MACKENZIE (Vancouver): Of course if there were an emergency on either coast the theory of the staff is that all the militia in Canada would be available very quickly.

Mr. GREEN: This as the minister knows is a very serious question for the people residing on the Pacific slope. Does the minister think that the militia strength in British Columbia at the present time is sufficient to protect the people of the province? Apparently it is not recruited even up to peace strength. Would it not be possibls to recruit the units further until we have enough men there to do the job?

Mr. MACKENZIE (Vancouver): Recruiting has increased to a very encouraging extent in British Columbia.

Mr. GREEN: But is an attempt being made to bring the units there up even to peace strength, and if not does the minister not think it should be done?

Mr. MACKENZIE (Vancouver): Every possible encouragement is being given to recruiting; a special effort is being made not only in British Columbia but all over Canada, and I think the results are encouraging.

Mr. GREEN: Could the department supply equipment and officers for the full peace establishment of the British Columbia units under the vote which is going through at the present time?

Mr. STIRLING: My hon. friend is speaking of the non-permanent active militia?

Mr. GREEN: Yes, the non-permanent.

Mr. MACKENZIE (Vancouver): I can assure my hon. friend that nothing has been done by the department to retard recruiting.

Mr. GREEN: I am asking if anything has been done by the department to bring the strength of the British Columbia units up to the peace time establishment. I understand they are thousands below it at the present time

Mr. MACKENZIE (Vancouver): Of course, if there was any need for it we could have ample forces moved to British Columbia in very short order. It is not anticipated by anyone that the forces actually on either coast at present would be ample in case there should be a real emergency. That is not a theory upon which any system of defence is built up, because obviously it would be unworkable.

Mr. GREEN: Are there enough soldiers in the province even to man the fortifications that are being built, and to protect the bases?

Mr. MACKENZIE (Vancouver): Enough are available and their positions in that regard are very carefully assigned.

Item agreed to.

Permanent force, $6,087,760.

Mr. STIRLING: I notice a moderate increase in this permanent force vote. Bearing in mind that the principal use of the permanent force in peace time is to train the skeleton force which we know as the non-permanent active militia, and that this force recently has been reorganized and must be trained in the use of more modern weapons and equipments, remembering also that money is being spent on defence works on the Pacific coast, does the minister really think there is a sufficient increase in the permanent force vote to take care of that work?

Mr. MACKENZIE (Vancouver): I agree with my hon. friend immediately that at present the members of the permanent force are exceedingly hard worked in regard to the duties they have to perform by way of giving the necessary instruction to the non-permanent active militia. Of course it is very difficult for me to answer the question categorically. Personally I should have liked to see a further increase in the vote for the permanent force, for the purpose of carrying out these instructional duties; but after a careful balancing of the available resources, this small increase was finally agreed upon.

Mr. STIRLING: The minister is no doubt aware of the fact that with the completion of the batteries being erected on the Pacific coast it will be necessary for sections of the permanent force to reside in those neighbourhoods, because I assume he will not leave the guarding of those emplacements to the non-permanent active miltia; it will have to be done by permanent force men. That will take away a certain number of officers and men from their other duties of training the non-permanent active militia, and I greatly question whether, remembering the work that falls on the permanent force at the present time, the minister has sufficient at his disposal for that purpose.

Mr. MACKENZIE (Vancouver): My hon. friend is quite correct in regard to the duties of guarding these emplacements, which in ordinary times will take some of the personnel of the permanent force away from their other duties, but the non-permanent force is assigned the duty of actually manning these emplacements if any emergency should arise.

Mr. STIRLING: Quite so, and we all hope the emergency will not arise; but the guns and emplacements cannot be just left without any guard at all, and I should imagine that guard will have to come from the permanent force.

[Mr. I. Mackenzie.]

Mr. MACKENZIE (Vancouver): Yes; I think that will be the arrangement.

Mr. COLDWELL: I have been informed that the delay in the delivery of airplanes to the Canadian government—and incidentally to the transport service—is being occasioned by a large order for planes for the government of Japan. To-day the Toronto Star carries a story from its Ottawa correspondent, Mr. Lipsett, to the effect that an order for thirty planes has been placed in Canada by the Japanese government, and that this is likely to interfere seriously with the delivery of planes both to the government and to the trans-Canada air service. Can the minister tell us anything about this?

Mr. MACKENZIE (Vancouver): I was not aware of the news dispatch to which my hon. friend refers; but I can tell him immediately that those firms building airplanes for the government of Canada have not had any orders retarded, as far as my knowledge goes, as a result of any orders for airplanes for Japan. As a matter of fact, at the present moment I can make the statement that I do not think any of the firms building planes for this government have such an order; if they have, it has not come to my notice. I could give from memory the names of the firms that are building planes for this government, and as far as any information at my disposal goes they have not received an order from Japan.

Mr. LANDERYOU: Would the minister give the names of those firms?

Mr. MACKENZIE (Vancouver): There is Canadian Vickers, in Montreal; Fairchild, in Montreal; the Noorduyn company, Montreal; the Ottawa Car Company, Ottawa; the de Havilland company, Toronto; the National Steel Car Corporation of Canada, Hamilton; the Fleet company, for training purposes, in Fort Erie, and the Boeing company, now converted to a Canadian company in Vancouver.

Mr. COLDWELL: We have a British mission in Canada at the present time, I believe, looking over the ground for the purchase of airplanes in Canada, and it strikes me that this is another matter which might be considered by the department owing to the international situation. Also in to-day's newspapers there is the story of the bombing of a Canadian Baptist mission by Japanese planes, and it seems to me we shall be placed in rather an unfortunate position if Canadian firms are to supply Japan with planes that may be used

for such purposes, particularly if they are likely to interfere with the delivery of the planes for which money has been appropriated by this parliament or the parliament of the mother country. I bring that to the attention of the minister and the government.

Mr. MACKENZIE (Vancouver): Thank you.

Mr. JOHNSTON (Bow River): What firms are making planes now for shipment to Japan?

Mr. MACKENZIE (Vancouver): I have no information at all.

Mr. GREEN: If I might I should like to ask one further question with regard to the non-permanent active militia. Last winter I heard complaints to the effect that the militiamen were not supplied with boots, and that in many instances this kept men from enlisting, because they did not feel that they should buy heavy boots which would be of no use to them in civil life. Is it a fact that the militia men are not supplied with boots by the government?

Mr. MACKENZIE (Vancouver): As far as my information goes, the members of the non-permanent active militia never have been supplied with boots by any government in Canada. I quite agree with my hon. friend that there is at the present time a strong feeling among the militia that they should be supplied with boots for summer camp purposes and also for ordinary training purposes, and although no definite decision has been arrived at, the matter has been receiving some attention in the department within the last month or two.

Mr. HEAPS: Are there any factories making airplanes in Canada besides those mentioned by the minister?

Mr. MACKENZIE (Vancouver): Oh, I think so; but not for us. There is one factory in Fort William, I understand, manufacturing airplanes, but not for the Canadian government.

Mr. HEAPS: Are they not in a position to manufacture quite a large number of airplanes in the Fort William area?

Mr. MACKENZIE (Vancouver): Speaking quite unofficially, I understand so.

Mr. HEAPS: Is it not possible that they may be making airplanes for the Japanese?

Mr. MACKENZIE (Vancouver): I am speaking entirely without knowledge, of course; that is possible, but I do not know.

Mr. JOHNSTON (Bow River): Before those airplanes could be shipped out, there would have to be a permit issued by the department, would there not?

Mr. MACKENZIE (Vancouver): That would be a matter for the Department of National Revenue, in regard to the section of the Customs Act dealing with war materials; I think it is section 290.

Mr. HEAPS: Supposing those were commercial airplanes which could be converted into military planes; would they come under the government ban concerning the shipment of goods for war purposes?

Mr. MACKENZIE (Vancouver): That would be entirely a matter of policy for the Minister of National Revenue.

Mr. HEAPS: Is it not a policy of the government also?

Mr. MACKENZIE (Vancouver): Not in regard to the export of planes.

Mr. COLDWELL: Is a licence required for the export of these planes? We are not recognizing any war between China and Japan.

Mr. MACKENZIE (Vancouver): I think a licence is required. Of course this does not come under my department, and in these answers I am speaking subject to correction.

Mr. COLDWELL: Perhaps the Prime Minister would tell us?

Mr. MACKENZIE KING: I understand there is a licence.

Mr. COLDWELL: They have to have a licence?

Mr. MACKENZIE KING: I understand so.

Item agreed to.

Engineer services and works, $2,483,500.

Mr. STIRLING: Probably this is the item under which the minister would like to discuss the issuance of contracts. This involves a consideration of weapons and equipment of all sorts. My feeling, and one which I believe is widely felt, is that at least four years ago Canada was officially aware of the fact that the supplying of materials and equipment in Great Britain would prevent firms over there from being able to deliver orders from Canada and other dominions within a reasonable space of time. Shortly after this government took office we were informed that the minister was making an intensive survey of industrial concerns in Canada to find out what factories there were, and what extensions might be made for this purpose. Now that we are in the year 1938 the public is beginning to wonder how

much information has been collected on the subject, and to what extent it is possible to employ Canadian workmen in Canadian factories for the supplying of this very much needed equipment. Would the minister give in some detail a description of the investigations he has made, and state to what extent contracts are already in their hands?

Mr. MACKENZIE (Vancouver): The investigation to which the hon. member refers comes under the next item respecting general stores. Some eighteen months ago an industrial survey was commenced under the direction of the master general of the ordnance. Speaking in round figures, I believe about 700 firms in various parts of Canada have been surveyed with reference to their potential capacity for production in any particular direction in the event of a national emergency. The procedure followed was that expert engineers—sometimes one and sometimes two of them—visited the plants and brought back thorough and comprehensive reports with recommendations as to what the potential capacity of an industry might be. At the present time these reports are being codified and correlated in the department, so that we shall have available a complete list of all the firms in Canada. The last figure I have shows that there are 768 firms. I believe I said in the first instance that there were 700. The greater figure brings the list up to date, and includes the whole of Canada.

In addition to this, a complete list has been prepared in the department showing the various implements and types of equipment which can now be manufactured or produced in Canada. Second, we have a list of the various types of equipment which could be produced in Canada as a result of further development, such as government cooperation with industry, or the government operating on its own initiative. Third, we have a list of those types of equipment which cannot be produced in Canada. I refer to such equipment as heavy armour-piercing shells, the manufacturing of which requires the highest form of technical skill and many years of experience.

Mr. STIRLING: Were they not made in Canada during the war?

Mr. MACKENZIE (Vancouver): I believe towards the end of the war there was a commencement made in that direction; at least that is my recollection, but I am not sure. In any case those classifications have been made.

In regard to the actual procurement may I say that since the house last met, in regard to munitions there was an order given to a civilian firm in Montreal which is now manufacturing shells. If I remember correctly, the order was for 30,000 shells. As I stated some time ago, the main handicap is in connection with the heavy calibre guns and the modern high angle mountings which, of course, greatly increase the range of guns.

Briefly speaking, that has been the result up to date. I wish to state frankly, however, that possibly it will be necessary to go further in connection with the question of procurement. It would appear to become more obvious all the time that it will be necessary in Canada to rely upon our own production and manufacturing resources for the procurement of equipment essential to meet a national emergency.

Mr. STIRLING: The minister referred to the 768 firms which might be used in the event of a national emergency. My point is this: Why are we not now proceeding—

Mr. MACKENZIE (Vancouver): I should have used the words, "prepare for a national emergency."

Mr. STIRLING: Why are we not now proceeding to produce some of these things? For instance, it is perfectly well known that all Canada has been able to get in the way of Bren guns has been a very small number for purposes of demonstration. Why have we not a contract at this time in some factory—

Mr. MACKENZIE (Vancouver): We have.

Mr. STIRLING: The minister says that we have. Would he give information with respect to it?

Mr. MACKENZIE (Vancouver): May I refer to some notes I have with reference to the matter? As far back as the summer of 1936 the Department of National Defence came to the conclusion that it would be necessary to arm the forces with the Bren gun, and that 7,000 of these guns would be required. A few model or specimen Bren guns were ordered, and it early became clear that Canada could not look to the manufacturing establishments of the government of the United Kingdom as a certain or timely source of supply reasonably safe from possible enemy action. The two model guns which we now have were made not in England but in Czechoslovakia where they were invented; the Enfield plant near London cannot satisfy the United Kingdom government's requirements before several years. The fact that the United Kingdom is not only willing but anxious to order 5,000 Bren guns from a Canadian manufacturer is of utmost significance. We received direct advice to this effect from the War Office.

This memorandum was prepared before the actual contract was let. In view of the situation then existing it was deemed advisable to consider the possible necessity of having our requirements manufactured in Canada. The probable difficulties of the position of the United Kingdom were surmised here from the beginning. Because of known variations in cost factors, heavy outlays for machinery that would be required if the guns were to be manufactured in Canada, it was known that Canadian production costs would be more than English production costs; if only 7,000 guns were to be made in Canada, it was believed that the cost would be prohibitive under normal conditions. Such has turned out to be the case, to the extent that the placing of the 5,000 order in Canada will save something more than $1,000,000 in cash to Canadian taxpayers. It is impossible to translate into dollars the other advantages to Canada in regard to extending our means of defence.

Therefore the Canadian government has let a contract for 7,000 Bren guns to a firm in Toronto, the John Inglis Company Limited, I believe it is. Then, the War Office directly and not through the Canadian government has given a contract to the same firm for 5,000 guns. The terms of the contract were very carefully analysed and examined for over three months by the interdepartmental committee on profits, and a subcommittee of the main one gave special attention to the matter. Various suggestions were made and possibilities examined with respect to government plants, and in connection with various other methods of carrying out the contract. The contract, which I shall be pleased to place before the committee, was entered into on, roughly speaking, a basis of ten per cent cost plus. The War Office contract is on exactly the same terms and conditions as the one with the Canadian government. From information available in the department it appears that the War Office have expressed themselves as being satisfied with the terms of the contract entered into with this Canadian company in Toronto. In Australia they have a Bren plant which is publicly owned. That plant has been constructed I believe, for two or two and a half years, but they have not yet got into production. I am subject to correction when I say that in England the Enfield company were two and a half years before they got into production, but they are now producing fifty Bren guns a week. A guarantee has been given that the Canadian company will be in production within twenty-four months. As a result of the separate orders from England and from ourselves, the actual saving will be $1,380,000. We are using much of the plant which we had in storage in Canada, and there will be a considerable saving on capital cost of machinery, probably to the extent of $250,000.

Mr. STIRLING: That is the machinery which was in storage at Valcartier?

Mr. MACKENZIE (Vancouver): Yes.

Mr. STIRLING: It is being used by this Inglis company?

Mr. MACKENZIE (Vancouver): Machinery is being supplied by each of the two governments, the Canadian government paying for two-thirds of the cost and the War Office paying one-third. The ownership remains with this government.

Mr. CLARKE (Rosedale): Have any contracts been given out by the government on a cost plus basis?

Mr. MACKENZIE (Vancouver): If my memory is correct, there are six.

Mr. CLARKE (Rosedale): What are the different firms?

Mr. MACKENZIE (Vancouver): The particulars of the contracts are as follows:

1. 18 Bristol "Bolinbroke" aircraft, contract given to the Fairchild Aircraft Company, Montreal.

2. 11 Blackburn "Shark" aircraft, contract to the Boeing Aircraft Company, Vancouver.

3. 12 Lysander aircraft, to the National Steel Car Company, Hamilton.

4. Battery at Albert Head, British Columbia. Contract given to the Northern Construction Company and E. J. Ryan, Vancouver.

5. 30,000 shells, 20,000 of one calibre and 10,000 of another, to the Montreal Construction Supply and Equipment Company, Limited, Montreal.

6. Bren gun contract, 7,000 and 5,000 to the John Inglis Company, Toronto.

Reconditioning 18 Wapiti aircraft, Ottawa Car Company, Ottawa.

35 trucks, four-wheeled, 15 hundredweight, with spare tires, tubes and canvas covers, General Motors Limited, Oshawa.

Mr. CLARKE (Rosedale): Were there any other firms that could have done the work covered by these contracts?

Mr. MACKENZIE (Vancouver): These contracts represent a very small part of the total amount of the contracts let. In other instances contracts were let by tender, either through public advertising or from selected lists. In all these instances the contracts were carefully scrutinized by the interdepartmental committee, and with one exception it was known that in each instance a competitive tender was impossible. The contract for the Albert Head work was let in this way because of military secrecy.

Mr. BROOKS: According to the particulars on page 133 of the estimates there is a decrease of about $1,300,000 in the vote for buildings and works. I suppose the works referred to have to do mainly with gun emplacements and fortifications on the western coast. I believe the minister told us some time ago that these works were in the second stage of development.

Mr. MACKENZIE (Vancouver): Yes.

Mr. BROOKS: I should like to know what amounts are being apportioned for the preparation of defence works on the eastern coast. We hear so much about the defence of the west coast that I am afraid the minister might forget that we have an eastern coast to Canada, and that the western coast is not the only part which requires defence.

Mr. MACKENZIE (Vancouver): Most of the work being done on the Atlantic coast under the estimates this year is in connection with the air force vote. I shall be glad to give my hon. friend the details of the money expended under that vote when it is reached. For certain obvious reasons special consideration has been given to the Pacific coast, but I assure my hon. friend that this is not because the minister comes from there. This work is being done because of a definite recommendation by the general staff and others who are advising the department with reference to these matters. I can assure my hon. friend that there is no intention of neglecting the defence of the eastern coast.

Mr. BROOKS: Is it the intention of the department to start these defences this year?

Mr. MACKENZIE (Vancouver): Only with reference to air defences.

Mr. BROOKS: At what points?

Mr. MACKENZIE (Vancouver): Dartmouth, Yarmouth, Truro and Sydney.

Mr. BROOKS: Those points are all in Nova Scotia, to which fact I have no objection. However, Saint John is one of the great ports of Canada. It is one of the focal points, so far as trade is concerned, and it seems to me there should be some development in connection with the defence of New Brunswick. Some time ago I suggested that use should be made of Sussex, the local training area in New Brunswick. I hope the minister will consider some development along these lines in New Brunswick.

Mr. MACKENZIE (Vancouver): I shall be glad to remember what my hon. friend has said. A very definite plan has been prepared in connection with Saint John defences.

[Mr. I. Mackenzie.]

My recollection is that the recommendation was made that the air defences to be provided at Nova Scotia points would prove an effective defence for Saint John as well. That does not apply to the local defence of Saint John, in connection with which careful plans have been drawn up.

Mr. BROOKS: Will any of this item be devoted for that purpose?

Mr. MACKENZIE (Vancouver): This is for air defences only.

Mr. BROOKS: Are we to have anything in the way of gun emplacements at Saint John, or anything else of that nature?

Mr. MACKENZIE (Vancouver): I do not think so as yet.

Mr. BROOKS: The minister must have the information.

Mr. MACKENZIE (Vancouver): I do not think there is.

Mr. GREEN: What is the present position with regard to the fortifications at Albert Head, the York island battery and other fortifications on the Pacific coast?

Mr. MACKENZIE (Vancouver): The York battery is completed.

Mr. GREEN: What about Stanley park?

Mr. MACKENZIE (Vancouver): The guns are in place at the York battery. The Albert Head emplacement will be completed, it is expected, by July. Other defences in the neighbourhood will be completed this year. Stanley park will be completed in June.

Mr. GREEN: Has anything been done in connection with Prince Rupert and the Queen Charlotte islands?

Mr. MACKENZIE (Vancouver): There were certain technical difficulties with reference to Prince Rupert, but the air base on Queen Charlotte island will be prepared during the summer. A seaplane base in the vicinity of Prince Rupert and a site for batteries in the northern area will be proceeded with this year.

Mr. GREEN: On what basis was the work done in Stanley park?

Mr. MACKENZIE (Vancouver): Day labour.

Mr. GREEN: Was that on a cost plus basis?

Mr. MACKENZIE (Vancouver): There was no contract at all. The work was done by day labour, with an engineer officer supervising for the department.

Mr. GREEN: I have a complaint to make with regard to the manner in which men were hired to work on the Stanley Park fortifications. I contend this was a most short-sighted way in which to hire men. The minister assured us last year that returned men and militia men would be engaged on that work.

Mr. MACKENZIE (Vancouver): That is correct.

Mr. GREEN: And I understood him to say last year that returned men would be chosen by the veterans' assistance committee.

Mr. MACKENZIE (Vancouver): I did not say that.

Mr. GREEN: There is an honorary committee in Vancouver to help the returned men find work, and there were five thousand returned men registered in that city as unemployed; yet instead of the veterans' assistance committee being asked to get the men required, I believe they were obtained in other ways and in each case had to have the approval of a representative of the minister or of the government. I would like the minister to explain that action because I think it is short-sighted, and it certainly does not help very much in solving the problem of the unemployed veteran. The work on Point Grey fortifications has not yet been begun, and I would ask the minister whether it would not be possible to have the returned men who are to work on these fortifications chosen by the veterans' assistance committee in Vancouver.

Mr. MACKENZIE (Vancouver): With reference to the total of forty-eight working at Stanley park, seventeen were selected by the committee, and the rest by various veterans' organizations, and I may say that I have letters of commendation from veterans' organizations for the manner in which these men were selected for that work. I am very much surprised indeed, when we have 100 per cent returned men and militia men working on this work, that there should be any dissatisfaction. My conception of the duties of those taking on men would be to employ ex-service men, and not a process of selection such as my hon. friend mentioned. After all, the responsibility as to the personnel employed, rests on the minister and the department, and once any returned men's organization such as the veterans' assistance committee is assured that ex-service men are to be employed, their function is to get ex-service men employed on the work. The gentleman who represented the department is an ex-service man, and I shall be very glad to show my hon. friend letters of commendation with reference to the way in which he carried out his work.

Mr. GREEN: But that does not explain why the approval of a representative of the government was required. That is what I consider patronage, and I do not think it is fair to bring that in on works of this type which are for the defence of our people.

Mr. MACKENZIE (Vancouver): I deny that it is a question of patronage. I have not the slightest knowledge of the political affiliation of the gentleman in question. In Vancouver and Victoria the selection of these men met with the absolute acceptance of all the veterans' organizations and the citizens generally on Vancouver island, and it is to be regretted that now, when for the first time the principle is adopted, anything should be done to destroy the excellent precedent which has been set.

Mr. GREEN: I hesitate very much to bring it up; but personally I am certain that all these men had to pass a representative of the government, and that is the belief in Vancouver. Of course, if the minister says that is not the case—

Mr. MACKENZIE (Vancouver): They were sent up by the various veterans' organizations.

Mr. GREEN: But after they were sent up, they had to pass a representative of the government. If the minister says that is not the case—

Mr. MACKENZIE (Vancouver): I say that in both instances, on Vancouver island and in Victoria, we had an employment officer who was an ex-service man whose duty it was to see that ex-service men got employment.

Mr. GREEN: Who were these men who were the employment representatives in Vancouver and Victoria?

Mr. MACKENZIE (Vancouver): Richard Stanton in Vancouver and Alexander MacFarlane in Victoria.

Mr. GREEN: And the only reason they were chosen was to see that the men who got work were returned men?

Mr. MACKENZIE (Vancouver): And general supervision because general principles were laid down in regard to the secrecy of these works, and that only ex-service men and members of the militia should be employed, and it was their duty and the duty of commanding officers of units to see that these instructions were carried out.

Mr. GREEN: What salary did Richard Stanton receive?

Mr. MACKENZIE (Vancouver): $175 a month.

Mr. GREEN: He had only forty-eight men to choose for work.

Mr. MACKENZIE (Vancouver): At times they wanted more.

Mr. GREEN: He is still getting $175 a month?

Mr. MACKENZIE (Vancouver): I assume so if he is working.

Mr. BROOKS: Were any special qualifications required?

Mr. MACKENZIE (Vancouver): He is a man of excellent reputation, the president of one of the ex-service men's organizations in Vancouver, and, I think, very acceptable generally.

Mr. BROOKS: But the minister said that if those who applied had the necessary qualifications they would be taken on; and I am asking if there were any special qualifications.

Mr. MACKENZIE (Vancouver): There would be trade qualifications, so many carpenters, so many of other trades, and so on.

Mr. BROOKS: No politics?

Mr. MACKENZIE (Vancouver): No.

Mr. GREEN: There has been a great deal of discussion in British Columbia in recent weeks about a proposed highway from the states running through British Columbia and the Yukon to Alaska. The United States authorities and the United States press have admitted quite freely that it is to be a strategic road, a military road. I would ask the minister whether his department or the government have paid any attention to the suggestion or given it any consideration at all.

Mr. MACKENZIE (Vancouver): I may inform my hon. friend that many years before the present public discussion, the department considered such a project, and the general staff gave opinions with regard to it which were of a confidential nature.

Mr. GREEN: What about the present proposal from Washington and Victoria? Has the minister given any consideration to the proposal for building a highway through British Columbia to Alaska which has appeared in the press?

Mr. MACKENZIE (Vancouver): We have an alert staff who observe all these press dispatches, and they have frequently been brought to the attention of the minister.

Mr. GREEN: In other words, the staff of the department have been reading the newspapers?

[Mr. I. Mackenzie.]

Mr. MACKENZIE (Vancouver): They always do. That is one of the first duties of the intelligence staff of any military department, to read papers from all over the world if they can.

Mr. GREEN: I realize that, but is the government taking any stand whatever or doing anything in regard to this proposed highway?

Mr. MACKENZIE (Vancouver): The stand of the government will be made manifest by their actions in the future, if they are doing anything.

Mr. GREEN: When may we expect that stand to be disclosed?

Mr. MACKENZIE (Vancouver): I think my hon. friend had better wait and see.

Mr. GREEN: We have been doing that for a long time in connection with a lot of things under this government.

Mr. CAHAN: I trust that if the minister is supervising any negotiations to that end, he will see that the conduct of the negotiations and also their supervision are restricted to federal agencies.

Mr. MACKENZIE (Vancouver): I quite realize the significance of the remark of my hon. friend.

Mr. BROOKS: Will the dwelling house which belonged to the caretaker in the town of Sussex and which was burned about two months ago be reconstructed.

Mr. MACKENZIE (Vancouver): It will be reconstructed.

Mr. BROOKS: What is the break-down of this $1,572,000? I should like to see where the money is being spent.

Mr. MACKENZIE (Vancouver): I shall be glad to do so.

Construction of buildings and works, $1,572,000; Ottawa, Ontario, Royal Canadian Corps of Signals, $12,650; Petawawa camp, water system, $2,500; gas chamber, $1,250; grading and loading platforms, $1,050; miscellaneous, $3,500.

Military district No. 1: Small arms ammunition magazine, $6,000.

Military district No. 2: Niagara, Ontario, markers' shelters, $10,000; camp buildings, $5,000; Hamilton, rifle range, $40,000.

Military district No. 3: Kingston, Ontario, garage and gun shed, $25,000; Barriefield, Ontario, officers' quarters, $10,000; bar-

racks square, $3,000; officers' dormitory, $50,000; roads and grading, $12,000; basement of barrack block, $10,000; sewers, $14,000; electrical, $10,000; water tank, $11,000.

Military district No. 4: Sherbrooke, Quebec, armoury alterations, $4,000; Belvedere street armoury, $1,700; Craig street armoury, floor under gun shed, $7,000; rifle range construction, $30,000; grading in the 17th D.Y.R.C.H. armoury, $2,000; Westmount, Royal Montreal Regiment armoury roof, $3,500. St. John's, P.Q., barracks, fire hydrants, $1,000.

Military district No. 5: Valcartier, new water mains, $7,600; Rimouski, addition to armoury, $20,000; Quebec citadel, repairs to citadel buildings, $22,000.

Military district No. 6: Halifax, Nova Scotia, joint service magazine, $15,000; Halifax, magazine at Fort McNab, $3,500; Wellington barracks, renew roof in officers' block, $3,000; parade grounds and roads, $5,000; repairs at King's wharf, $3,000; radio station, $8,650; Aldershot camp, roads, $2,000; Sussex camp, New Brunswick, $5,000.

Military district No. 10: Winnipeg, Man., St. Charles rifle range, road, $1,500; electric supply, $1,500; Fort Osborne barracks, roofs, buildngs Nos. 14 and 15, $3,000; radio receiving station, $5,650; new roof on power plant, $5,000; Shilo camp building program, $19,000.

Military district No. 11: Esquimalt, B.C., joint service magazine, $75,000 artificers' workshop, Signal hill, $2,800; hospital at Work Point barracks, $22,000; Cranbrook armoury, $17,000; Kamloops magazine development, $20,000; Pacific coast defences—this is the second stage, to which I referred some time ago, in regard to these various emplacements, probably about twelve or fifteen in number—$1,000,000.

Military district No. 12: Dundurn camp, completion of buildings, $2,000; Regina, radio station, $650.

Military district No. 13: Calgary, Alberta; ordnance depot, purchase of land, $5,000; Currie barracks, married officers' quarters, $11,000; Sarcee camp, additions and improvements, $10,000, total $1,572,000.

Mr. CLARKE (Rosedale): I notice that last year provision was made for an expenditure under this item, construction of buildings and works, of $2,857,450. This year the amount is $1,572,000, or a total dfference of $1,285,450. Why has the grant dropped off in this one specific item to the extent of over a million and a quarter dollars? I notice that all the other items which are brought forward—salaries, etc., sundries, pay and allowances all ranks, other allowances—show an increase. The same is true as regards stores and equipment, operating expenses of properties, transport and travelling of personnel, freight, express and cartage, printing and stationery, medical, dental and veterinary services, sundries; all these show larger amounts of expenditure; but to make the book balance a little better on the right side, it seems, we find a reduction in the construction of buildings and works of more than one and a quarter millions, although expenditures this year are approximately a million and a quarter dollars greater. Will the minister give some explanation of these differences?

Mr. MACKENZIE (Vancouver): The main difference, as I said before, is that the program of actual construction of buildings is not so extensive this year as it was last year. Last year we had to undertake some extensive construction works and fortifications in various places. As a result of the review made of the various amounts available, it was decided not to spend so much this year upon this particular activity of the department.

Mr. CLARKE (Rosedale): The difference in the amount is large; but how many fewer men is it estimated will be employed as a consequence of discontinuance of construction of buildings and works?

Mr. MACKENZIE (Vancouver): I have here a long list of the actual works which were commenced and completed last year; and as a result of those works having been completed, it is not necessary to carry on so much this year.

As regards the other question asked by my hon. friend, it would be very difficult indeed to estimate the actual decrease in the number of those employed on these projects. Of course there would be some.

Mr. MacNICOL: What is the difference between repairs carried on under the item of $1,572,000 and repairs carried on under the item of $861,500?

Mr. MACKENZIE (Vancouver): The first is for construction only and the second is for maintenance and repairs.

Mr. MacNICOL: The minister had mentioned the word "repairs" in describing the other item.

Mr. ROWE (Dufferin-Simcoe): Under which paragraph are the works with reference to Trenton?

Mr. MACKENZIE (Vancouver): Well, Trenton is in the air force vote, but it is the same kind of work.

Mr. ROWE (Dufferin-Simcoe): Are there any works going on at Camp Borden district this year?

Mr. MACKENZIE (Vancouver): A small amount of work. Camp Borden is being utilized. I shall be very glad when I come to the appropriate vote to give my hon. friend details of the numbers who are to train there —roughly, I believe, three thousand.

Mr. ROWE (Dufferin-Simcoe): Chiefly in the air force?

Mr. MACKENZIE (Vancouver): Two or three services are going to train there this year.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. STIRLING: There are one or two other matters about which I should like some information. In passing, I should like to say what a pleasing and businesslike aspect is apparent on highway No. 2 at both Trenton and Barriefield. It cannot but impress the travelling public passing those places. I understand Trenton is to be the home of the Royal Canadian Air Force, as Barriefield is to be the home of signals?

Mr. MACKENZIE (Vancouver): Correct.

Mr. STIRLING: To what extent has that change taken place? Have the signals moved into Barriefield from Camp Borden, and has the air force moved into Trenton?

Mr. MACKENZIE (Vancouver): The air force main depot is now at Trenton. The signals have not entirely moved to Barriefield.

Mr. GREEN: Has any attempt been made by the government to reserve strategic points on the Pacific coast, either on the islands or on the mainland? I believe there are several points which may be of importance for defence purposes in time to come; probably now would be the best time to acquire them, and from the reports appearing in the papers I gather that the provincial government would be only too glad to cooperate in the matter.

Mr. MACKENZIE (Vancouver): There has been no reserve placed on any area in British Columbia. The intelligence branch of the department has been alert for a considerable time now in regard to obtaining all available information in reference to the acquisition of any properties in British Columbia, learning who the owners are; that information is available.

Mr. GREEN: Is a survey being made of the ownership of lands and rights near these fortifications and bases?

Mr. MACKENZIE (Vancouver): Yes, that is being done.

Mr. GREEN: Does it show whether the owners are foreigners?

Mr. MACKENZIE (Vancouver): Yes.

Mr. STIRLING: Another question about which I should like some information is in regard to, shall I call it a permanent training area in southern British Columbia? I know investigation has been going on up the valley of the Thompson and in the Nicola country, and I wondered whether any decision had been reached.

Mr. MACKENZIE (Vancouver): No. The training area at Vernon was considered to be somewhat limited in extent, especially for the purpose of artillery training, and last year several investigations were made by the staff officers of the department in the neighbourhood of Kamloops and also the Nicola valley. I think substantial objections were found to every area which has been definitely surveyed, so that the situation at present is that no permanent area has been selected for permanent training in British Columbia. For summer camps I believe two or three places will be utilized in the coming year.

Mr. GREEN: Has the department under consideration any move to complete strategic highways across British Columbia? I believe the minister will agree that at present it is impossible to cross the province by road.

Mr. MACKENZIE (Vancouver): No; as a department we have no plans under way in that regard.

Item agreed to.

General stores, $3,854,437.

Mr. MacNICOL: Is it under this item I might say a word in reference to the stores at Lindsay?

Mr. MACKENZIE (Vancouver): The Lindsay arsenal has been reopened to a

small extent. It is anticipated that a sum between $100,000 and $130,000 will be expended there during the current year, largely in an experimental way in testing its capacity for certain purposes with reference to ammunition and cartridge cases. The present proposal is to manufacture at Lindsay arsenal brass cartridge case discs for production of quick firing cartridge cases. Already an amount of $10,000 has been appropriated for reopening the plant. It is hoped that orders will shortly be placed for the purchase of equipment to an estimated value of $26,000. An additional amount of $4,600 will be required for overhauling the present equipment. When the financial estimates were prepared it was thought that the industrial firm selected to manufacture cartridge cases would provide a supply of brass discs. Later it was decided that there might be considerable difficulty in getting metal of uniform characteristics. It was subsequently found advisable to reopen Lindsay arsenal for the production of this metal. Funds are provided in the general stores vote for the production of ammunition in Canada.

Mr. MacNICOL: The Lindsay arsenal has been visited by the minister. I am glad to hear that he proposes to do something with it this year. The site is one of the best in Canada, and in the past a great deal of equipment was manufactured there. Reading in the press of late that a number of companies have been given contracts for the manufacture of munitions and supplies, I have wondered why the government itself does not put that splendid plant into complete operation. Wages there are at least not higher than anywhere else. While I am not an advocate of low wages by any means, perhaps they are as low there as in any centre making the same kind of equipment. The buildings and a large amount of machinery are there, and it is too bad if contracts have to be given to outsiders for material that could be produced at Lindsay in a plant owned by the government. The minister probably knows better than any hon. member of this committee what use these buildings are capable of. I commend to his consideration the possibility of further increasing the production of these supplies in that fine community of Lindsay.

Mr. MACKENZIE (Vancouver): I quite agree with my hon. friend. The matter is also being pressed upon me by the hon. member for Victoria, Ont. (Mr. McNevin). The estimated expenditure will be:

Engineer services	$ 10,000
New equipment	26,000
Overhauling present equipment	4,600
Estimated wages	29,000
Material	57,000
Sundries	3,500
	$130,100

I may inform my hon. friend that if it is decided to go ahead with any further development towards procuring supplies as a government enterprise, the claims of Lindsay are very much before us.

Mr. MacNICOL: This year?

Mr. MACKENZIE (Vancouver): Yes.

Mr. McNEVIN: As the item under discussion covers the proposed production of certain material at dominion arsenal No. 2, which is located at Lindsay, I desire to make a few observations. First, I want to express to the minister my appreciation of the start which has been made in preparations for production in the rolling mill and foundry divisions of the plant, thus fulfilling the intimation given by the minister last session when his estimates were under discussion. Yet, Mr. Chairman, this development covers only a limited part of the extensive buildings and equipment connected with the Lindsay arsenal property. I feel sure that the minister, and in fact every hon. member, will agree that the more extensive the operation, the more the overhead expenses could be reduced. May I point out that these arsenal buildings were erected in 1915 and 1916, and are of modern construction. Except for some inside machinery and equipment which may be obsolete, the plant has been maintained in excellent condition.

With regard to the location, which is an important point in connection with the production of military supplies, the arsenal at Lindsay is situated approximately in the centre, from east to west, of the Dominion of Canada, forty miles north of lake Ontario and, of course, far inland from our northern shore. Industrial factories of this kind, in the event of some act of aggression against our country, in all probability would be the object of attack from the air. Transportation facilities are also of great importance in connection with the production of munitions or military supplies. May I point out that both large railway companies operating in Canada have direct connections at this centre, and there is also the Trent canal and

the through highways. Considering these facts, are we not correct in assuming that the location is ideal for an industry of this kind?

With regard to sources from which we may secure arms, munitions or kindred supplies, is it not true that on account of conditions which are well known to all of us, Great Britain has been forced to concentrate upon the production of military supplies for her own use? Consequently the delivery of similar materials required by Canada, which have been purchased in Great Britain, has been unavoidably delayed. In addition, is there not a strong possibility that if conditions in Europe were to become more aggravated, this source of supply would be seriously affected?

There is another source from which we obtain substantial quantities of these supplies. I refer to the private corporations of Canada. I have always maintained that the government should not enter into competition with private business in regard to overseas orders for commodities of this sort; but when it comes to the requirements necessary to take care of our own defence program, I believe we owe it to the Canadian taxpayers, who supply the funds for these purposes, to use to the fullest possible extent the buildings located at Lindsay, Ontario, which represent the only government-owned munitions factory in this province.

In seeking to direct the attention of the minister and the members of the committee to the importance of this matter, Mr. Chairman, may I point out that I believe a majority of those present in this chamber will agree that the conditions which prevail throughout the world at the present time are so serious as to warrant careful consideration of the advisability of reconditioning the remaining facilities that are available at this arsenal for the manufacture of munitions or military supplies. This suggestion, if it were adopted, would provide increased employment for our Canadian workmen.

With regard to the materials which it is possible to produce at this point, may I suggest for immediate consideration the manufacture of shells; the manufacture of hand grenades, the manufacture of guns, or the assembling of gas masks? In addition, if it is not possible in the near future for the government to utilize the entire plant and equipment, I believe we have large orders pending for overseas, and the minister might consider permitting the use of a portion of this plant by some of these other companies which otherwise might be forced to construct buildings. I believe this would be an economical move.

[Mr. McNevin.]

I commend this additional thought to the committee. Defensive equipment, regardless of type or class, is of little value unless ample supplies of munitions are available. In the event that the estimate under discussion is insufficient for the purposes referred to, I would ask the minister, in whom I have every confidence, to consider very carefully whether he should not increase the figure or provide for a much more liberal expenditure in the supplementary estimates, which could be considered later in the session.

Mr. MACKENZIE (Vancouver): I shall be very glad indeed to bear in mind the observations of my hon. friend in regard to the Lindsay arsenal.

Mr. LENNARD: Would the minister explain the increase of $47,300 in transport and travelling of personnel?

Mr. MACKENZIE (Vancouver): This provides for the transportation and travelling expenses of inspectors of arms and munitions and the transportation of arsenal employees between Quebec and Valcartier. It has not been definitely decided whether this arrangement will be put into effect or whether it will be necessary to make some adjustment in the wages of the employees who commute between Quebec and Valcartier. My hon. friend will understand that the movement from Quebec to Valcartier will take place soon, and this increase is to take care of that added expense.

Mr. ELLIOTT (Kindersley): There is quite a decrease under stores and equipment. What is the explanation of that?

Mr. MACKENZIE (Vancouver): There is a net decrease of $2,189,015, the principal reason being that the full value of requirements for armaments, stores and munitions was provided in 1937-38, whereas for 1938-39 only that portion likely to be spent during the financial year has been included, owing to the uncertainty of obtaining deliveries.

Mr. MacINNIS: I think the details on page 134 of the estimates largely have to do with the dominion arsenal. What is the number of employees, other than the officials mentioned in the details?

Mr. MACKENZIE (Vancouver): There are thirty permanent civilian employees and four temporary civilian employees. In addition, there are those who are paid so much an hour. I shall have the number in a moment.

Mr. MacINNIS: The employees I have in mind are those covered by the amount of $619,676 for wages.

Mr. MACKENZIE (Vancouver): I am informed that the number is about five hundred. I think I tabled a reply to a question two or three days ago, giving the number as 539.

Mr. MacINNIS: What are the trades and the rates of pay in connection with those trades?

Mr. MACKENZIE (Vancouver): They are as follows:

Cartridge factory:
Group 1, machinist, 83½ cents an hour.
Group 2, labourer, 65 cents an hour.

Tool room:
Group 1, toolmaker, $52 a week.
Group 2, machinist, $1.08 an hour.
Group 3, labourer, 80 cents an hour.

Workshop:
Group 1, machinist, $1 an hour.
Group 2, blacksmith, 77½ cents an hour.
Group 3, plumber and pipefitter, 55 cents an hour.
Group 4, saddler, 60 cents an hour.
Group 5, mason, 62½ cents an hour.
Group 6, sheet metal worker, 58 cents an hour.
Group 7, electrician, 75 cents an hour.
Group 8, labourer, 66½ cents an hour.
Group 9, chauffeur, $28 a week.

Quickfiring and charger plants:
Group 1, machinist, 83½ cents an hour.
Group 2, labourer, 56½ cents an hour.

Foundry and rolling mill:
Group 1, machinist, 57 cents an hour.
Group 2, labourer, 69¾ cents an hour.

Stores:
Group 1, labourer, 44 cents an hour.

Carpenter shop:
Group 1, wood turner, 72 cents an hour.
Group 2, carpenter, 58 cents an hour.
Group 3, moulder, 75 cents an hour.
Group 4, labourer, 67½ cents an hour.

Shell factory:
Group 1, machinist, 70 cents an hour.
Group 2, labourer, 65 cents an hour.

Laboratory (Examining department):
Group 1, labourer, 44 cents an hour.
Group 2, labourer (female), 53 cents an hour.
Group 3, tool maker, $1.05 an hour.
Group 4, machinist, 76 cents an hour.

Laboratory (Filling plant):
Group 1, labourer, 85 cents an hour.
Group 2, machinist, 85 cents an hour.
Group 3, carpenter, 50 cents an hour.
Group 4, labourer (female), 31½ cents an hour.

Mr. LANDERYOU: Under the sundries item there is an increase of $10,000; what is the nature of that?

Mr. MACKENZIE (Vancouver): I should like to make a small addition to my former reply. The figures I gave were maximum figures. For instance, I gave a maximum of 53 cents for labourer, female; there is a minimum of 22 cents. In another section, group 4, I gave 31½ cents, and there is a minimum of 22 cents an hour. Then, for a labourer I gave 65 cents an hour, and the minimum there is 18 cents an hour. In the work shop, for machinists, group 1, I gave the maximum of $1 an hour, while the minimum is 68½ cents.

Mr. HAYHURST: At page 134 of the estimates I find an amount of $1,500 for a physician; is that only a part-time physician?

Mr. MACKENZIE (Vancouver): Yes.

Mr. HAYHURST: I had brought to my attention the case of a boy who enlisted as a private and last fall contracted infantile paralysis. He was placed in Christie street hospital, Toronto. I went to see him. I understand that when I went he had been sick for a couple of weeks, and it occurred to me that perhaps the doctor had not properly diagnosed the case. The boy had been set to work scrubbing floors, and while he was at that work he was overcome by paralysis. He is still in bed. I was thinking it would be well to have really efficient medical men employed.

Mr. MACKENZIE (Vancouver): I shall look into that case.

Mr. LANDERYOU: What necessitated the increase in the vote?

Mr. MACKENZIE (Vancouver): In the item for sundries there is an amount of $10,050. This sum provides for the protection of property at Valcartier. This service may be carried out by the personnel of the Royal Canadian Mounted Police, or through other arrangements as decided by the department. Then there is an amount of $50 for unforeseen items at the dominion arsenal at Lindsay.

Mr. MALLETTE: When will repairs be resumed on the drill hall at Montreal?

Mr. MACKENZIE (Vancouver): I cannot give a definite reply. Requests have been made to have the necessary funds available for the work, but I cannot give a definite reply.

Mr. MALLETTE: The few militia units using the hall would like to see the work finished. Resumption of this work would provide employment for quite a number of men. I am sure the people in Montreal would like to see the scaffolding that has been there since last fall disappear.

Mr. MACKENZIE (Vancouver): This comes under the Department of Public Works, but I believe the work may be done at an early date.

Mr. STIRLING: What progress is being made at Valcartier in connection with taking over the filling station? Has it been moved, and, if not, what are the prospects of getting it started at Valcartier.

Mr. MACKENZIE (Vancouver): Within three or four weeks possibly we expect to have the movement commenced.

Mr. TUSTIN: This afternoon the minister said it was almost impossible to get anti-aircraft guns. Is it possible to have those guns manufactured in Canada?

Mr. MACKENZIE (Vancouver): We are very hopeful that this may be possible. The matter is being carefully investigated by experts of the department at the present time.

Mr. TUSTIN: It seems to me that is one of the most important matters before us to-day. We should take some steps towards getting such equipment as anti-aircraft guns under way, and I believe the minister might well consider the matter at the earliest possible moment.

Mr. MACKENZIE (Vancouver): Yes.

Mr. BAKER: We are here considering an expenditure of $3,854,437. What is the government receiving by way of production from this expenditure? In running an industry the important thing to know is what one is getting for his expenditure.

Mr. MACKENZIE (Vancouver): The only answer I can make is that we are getting a certain measure of national security.

Mr. BAKER: Are they not producing material at all?

Mr. MACKENZIE (Vancouver): Yes; we are getting supplies, equipment and ammunition.

Mr. BAKER: We have no memorandum showing the actual production from the expenditure of this money. This just shows expenditures for salaries, and so on; if we are receiving nothing we ought to know it.

Mr. MACKENZIE (Vancouver): Perhaps if I were to describe in general terms the purpose of the vote I may answer the question of the hon. member. This is the information I have: For purchase, maintenance, repair and inspection of clothing, equipment and ordnance stores for the permanent and non-permanent active milita including armament stores, medical dental and veterinary stores, mechanical and water transport, telephone signal and wireless equipment, maintenance and upkeep costs in connection with manufacture and output of munitions at the dominion arsenal; construction, repair and upkeep of arsenal buildings and plants; freight cartage and other incidental expenses.

[Mr. Stirling.]

Mr. BAKER: The minister mentioned the output of material. I suppose those materials are made through the expenditure of these wages. I may be wrong, but the overhead seems tremendous as against the wages paid to labourers or workers. What material are we getting for our money?

Mr. MACKENZIE (Vancouver): Does the hon. member want a detailed list?

Mr. BAKER: No.

Mr. MACKENZIE (Vancouver): Perhaps I should give a few of them. They are as follows:

Cartridges, S.A. 10,500,000.
Chargers, ·303-inch cartridges, 2,100,000.
Boxes, ammunition, 11,050.
Cartridges, S.A. ball, ·303-inch, 500,000.
Cartridges, Q.F. three-pounder, cordite, 3,000.
Boxes, ammunition, Q.F. three-pounder, repaired, 188.

Mr. BAKER: That is the answer; apparently we are receiving something for the expenditure.

Mr. MACKENZIE (Vancouver): Yes: I have a long list of articles here to read.

Mr. BAKER: Has the minister any idea of the total value in dollars of it all?

Mr. MACKENZIE (Vancouver): Yes.

Mr. BAKER: What is the amount? I want to see if the minister is running a good factory.

Mr. MACKENZIE (Vancouver): The amount is $1,153,773.

Mr. BAKER: That is all we are receiving by way of value out of the expenditure of $3,854,437, is it?

Mr. MACKENZIE (Vancouver): No; there are many other details in regard to clothing, etc. I shall give the hon. member some other items—clothing and armament stores and munitions, wireless, signals and various other services.

Mr. BAKER: I doubt very much if it is an economically operated factory.

Mr. MACKENZIE (Vancouver): I must say to the hon. member that the dominion has the reputation to-day of making the best munitions in the whole world.

Item agreed to.

Naval Services — Royal Canadian Navy, $5,744,297.

Mr. STIRLING: Canada now possesses two torpedo boat destroyers built by Canada in 1929 and commissioned in 1931. She has two A class destroyers purchased from Great

Britain in 1935, and two which we are expecting this summer. That will make six. She has one tender, with three more building, and a three masted schooner for training purposes. I believe that completes the craft afloat. I remember that in 1909 Sir Wilfrid Laurier adopted the policy of providing Canada with a flotilla on each coast. If I remember rightly, he actually got so far as to call for tenders for the construction of at least some of them. With that in mind I wonder if the minister could tell the committee whether we are working toward a program. Perhaps the minister could refer to this if he cannot describe it in detail. Are we doing that, or are we merely living from day to day or from year to year? The defence situation of Canada has changed entirely with the change from disarmament to rearmament. Obligations to both the east and the west are such that Canada should be working toward a definitely laid out scheme. This scheme possibly could not be completed this year or the next, but it would be an objective towards which we would be working.

Mr. MACKENZIE (Vancouver): When the general staff committee made their survey a year and a half or two years ago, certain recommendations were made with reference to all three branches of the service, that is, the air force, the naval and the militia services. Some progress has been made in that direction although not as far as the recommendations suggested.

Mr. LENNARD: Are the ships of the Canadian navy oil burners exclusively?

Mr. MACKENZIE (Vancouver): The destroyers are oil burners and the mine sweepers will be coal burners.

Mr. LENNARD: Upon whom do we depend for our supplies of fuel?

Mr. MACKENZIE (Vancouver): Plans have been made to ensure an adequate oil reserve. I understand this has been done through the Canadian oil companies.

Mr. LENNARD: Do these supplies come from Trinidad or the United States?

Mr. MACKENZIE (Vancouver): The crude would come from wherever the Canadian companies get it, but steps have been taken to ensure the necessary oil supplies.

Mr. LENNARD: It is possible that Canada might be involved in a war along with Great Britain, and any oil supplies from the United States would be cut off if that country remained neutral.

Mr. MACKENZIE (Vancouver): That question has been surveyed very carefully in the last three months. I can just repeat my previous reply, that arrangements have been made to provide an adequate oil reserve in Canada.

Mr. LENNARD: Certain ships in the British navy are equipped with dual firing machinery to permit some of the boilers to be fired wtih coal. I think it would be a good move on our part if something like that were done in connection with our ships. We have supplies of coal on both the Pacific and Atlantic coasts, and in case of emergency we would be able to use Canadian coal. This would also help the Canadian mining industry.

Mr. MACKENZIE (Vancouver): I shall be glad to note my hon. friend's suggestion, but he can rest reasonably assured that proper provisions are being made.

Mr. KINLEY: There are certain features of this vote in connection with which I should like to make a few remarks. I think more should be known about this matter by the public, especially the public along the Atlantic coast. I refer to the personnel making up the several units of the Canadian navy. As I understand, the Naval Act of 1910 provides for a purely voluntary service. In this it is somewhat different from the Militia Act. There are three units making up the personnel of the Canadian navy. First, there is the permanent force which includes those men who make the navy their profession; second, the Royal Canadian Naval Reserve which is composed of men who make their living from the sea, such as fishermen and men in the merchant marine; third, the Royal Canadian Voluntary Naval Reserve which is composed of men who have a liking for the sea.

I understand the permanent naval force is to be increased this year, and I think it would be well if the young people of our country knew the conditions of enlistment in the Canadian navy. However, what I am particularly interested in at the present time is the Royal Canadian Naval Reserve. I understand that this force has an authorized strength of 500 men and officers but that there are only 240 in it at the present time. The age limits for enlistment are eighteen to thirty years. A man who joins this force as a naval reservist is given $45 a year as a retaining fee, as it were. He trains six weeks during his first year of service, for which he receives on the average $1.80 a day. This works out to about $100 a year. The opportunity to earn an extra $100 a year may be very attractive to a young fisherman on the

coast of Nova Scotia. The course of training would also improve his seamanship and benefit him mentally and physically and at the same time he would be cooperating in a scheme for the defence of the Canadian coast.

I submit that schools for the training of men who enroll in the Royal Canadian Naval Reserve should be established in the seaport towns of Nova Scotia. The training is done during the off season. There are armouries in many of the towns along the sea coast, especially in the riding which I represent. I realize the mechanics of the problem would have to be worked out by the technical naval officers of the department, but I believe if naval instructors and equipment were supplied these schools could be carried on with very little expense.

It occurs to me that there should be coordination between the Department of Labour, with its troubles in connection with employment, and the naval and militia branches. Earlier in the discussion of these estimates we were told that in the air service it takes seven men on the ground to maintain one man in the air. I consider it most important that we should manufacture as much as possible of the material used for defence purposes. When we manufacture airplanes we are creating technically trained labour which would be available should the need for defence ever arise. In the meantime we are providing employment in civil life. We are creating future artisans to take their place in the civil life of the country.

Years ago the defence of the country was a different matter. The farmer, for instance, who lived on a farm was usually a good horseman, and his horse provided the best method of transport. He had his rifle and was a good shot, also a good scout, and so the farmers made a splendid unit of defence. But that has changed. The defence of the country is subject to the changes progress has brought in other directions. Science demands that you must train men in the laboratories for defence; also in our industrial plants, where machinists and mechanical engineers are at work, we find a training field for the youth of Canada that is especially valuable and very desirable. It seems to me that if the Department of National Defence would cooperate with the Department of Labour in every way possible they would be able to train men for the engineering trades in our industrial plants, and this would also help the unemployment situation. Industry in this country should assume some part of the burden, and it might well be required to train men in the industrial plants of Canada. I once suggested to the Minister of Labour that we might even go so far as to have subsidized apprenticeships so that our young men might be trained for some skilled work which they could follow as they grow older, because it is well known that when a young man gets up to be twenty-one or twenty-two without any objective he is inclined to become a drifter instead of helping out in industry.

I think men could be trained, particularly for the naval service. Our fishermen are good pilots, skilled in the handling of boats, and resourceful. This training will improve their condition; it would mean for young men more earning power and give them a better standing in their profession. I trust the minister will explore the situation fully. I know he has already looked into the possibilities, and I hope he will explore them further with particular reference to the Atlantic coast.

The Royal Naval Reserve is to a large extent built up from the merchant marine. They have a flag. It will be recalled that we had a discussion in this house this session about a national flag for Canada. The merchant marine may fly the naval reserve flag, which is the blue ensign, with the coat of arms of Canada on the fly. In order that this flag may be flown, a certain number of the crew must be naval reserve men, and the ships that are permitted to fly it consider it an honour. The old idea was that if the ship had a gun crew they could fly this flag. The flag is flown by some of the boats of the Canadian merchant marine. The flag, to seamen, has a language all its own, and is very important.

We have heard a great deal about how vulnerable the Atlantic coast is to attack. Our distance from European powers, however, is an element for safety because enemy craft upon the sea or under the sea and in the air are handicapped in working a long way from their base. So Canada's geographical position does provide us with an element of safety, but not sufficient.

Many people think our defence preparations against coastal attack should include submarines. The submarine is like a shark in the water. Nobody likes to go into shark-infested waters, and there is also the same fear of the submarine. It might be particularly valuable on the coast of Nova Scotia because at certain seasons of the year we have fog. This fog and other conditions make the coast of Nova Scotia not a desirable place for strange craft to hover. It seems to me that under such conditions the submarine would be especially valuable as part of our defence

preparations. On our coast between 1914 and 1918 and this applies particularly to my own riding, our shipping suffered very considerably from submarines and raiders along our coast. I have here a list of the vessels that were sunk off the Nova Scotia coast. Some other Nova Scotia vessels that were destroyed were registered in the West Indies; otherwise, I think this list is complete, and it shows what may happen when raiders make their appearance, which they might do at any time. Vessels returning from the fishing banks followed the coast as close to the shore as they could. In those days, when power was not used, there was danger in approaching too close to a lee shore, and one vessel went ashore and was lost with all hands. I desire to place this list on Hansard. It shows that twenty-seven vessels from Nova Scotia and two from New Brunswick were lost by enemy action off the coast of Nova Scotia from 1914 to 1918. The list is as follows:

List of Nova Scotia Vessels Registered in Canada Lost During the War

Steamships (fishing) Vessel	Gross tonnage	Date of loss	Name of owners
Triumph	239	Aug. 20, 1918	National Fish Co., Limited, Halifax.
Sailing vessels (cargo)			
Industrial	330	Oct. 4, 1918	Joshua E. Backman et al. La Have.
Chas. Theriault	339		
Ophelia	136		
Hilda R.	136	Nov. 5, 1917	John T. McRae, Harbor Grace, Newfoundland.
Dorothy Duff	186	May 17, 1917	Wm. Duff & Sons Ltd.
Duchess of Cornwall	152		
Willena Gertrude	317	July 21, 1917	E. H. Wharton Davies, Liverpool.
Jean	215		
McClure	220	May 24, 1917	Jno. T. Moulton, Newfoundland.
Thomas	132	Apr. 21, 1917	Harvey & Co. Ltd., St. John's, Newfoundland.
Lillian H.	473	Nov. 1916	Estate of G. M. Cochrane, Fox River.
Perce	365	Feb. 2, 1917	Robin, Jones & Whitman Ltd., Halifax.
Mayola	146	Feb. 16, 1917	Henry W. Adams, Lunenburg.
Harry W. Adams	127	Dec. 24, 1916	Henry W. Adams, Lunenburg.
St. Olaf	323	Aug. 19, 1915	J. Newton Pugsley et al, Parrsboro.
L. C. Tower	564	June 1915	Estate G. M. Cochrane, Fox River.
C. M. Walters	107	Aug. 25, 1918	Zwicker & Co. Ltd., Lunenburg.
E. B. Walters	126	Aug. 25, 1918	Zwicker & Co. Ltd., Lunenburg.
Elsie Porter	136	Aug. 28, 1918	W. Norman Reinhardt, LaHave.
Gloaming	130	Aug. 26, 1918	N. J. Parks, LaHave.
Pasadena	119	July 1918	Wm. Duff et al, Lunenburg.
Potentate	136	Aug. 30, 1918	Simon Parks et al, LaHave.
Verna D. Adams	132	July 1918	Wm. Duff et al, Lunenburg.
Lucille M. Schnare	121	Aug. 20, 1918	Artemas Schnare et al, Lunenburg.
Uda A. Saunders	125	Aug. 20, 1918	Zwicker & Co., Ltd., Lunenburg.
Nelson A.	72	Aug. 4, 1918	Henry A. Amiro, Halifax.

27 vessels all told. There were also 2 New Brunswick vessels lost: Dornfontein, 771 tons; Eretria, a steamship of 3,463 gross tonnage.

NOTE.—In some cases, the date of loss is not known.

Prepared from the records of the Department of Marine.

We in the east realize the position of British Columbia, and the needs of that province in regard to defence. I think that what the minister is doing is in keeping with what the people expect for the defence of the coasts of this country. Such preparations are desirable and extremely necessary at the present time, and I want to commend the minister for his energy and his department for the progress they seem to be making in this work.

Mr. GREEN: Did I understand the minister to say to the hon. member for Yale (Mr. Stirling) that the government was building up a navy according to a program?

Mr. MACKENZIE (Vancouver): No. What I said was this, that naturally recommendations were made by our own staff with reference to our own requirements in all branches of the service, and within our financial resources and limitations we have done, I think, more than has ever been done before in this country in trying to improve our naval defence.

Mr. GREEN: Conditions are quite different from what they were before. Surely the department must have some plan for a minimum navy for the defence of Canada's coasts. Does the minister say that no such plan has been drawn up?

Mr. MACKENZIE (Vancouver): I have already stated that plans have been drawn up with reference to each branch of the service, but naturally these plans are confidential and cannot be disclosed by the minister.

Mr. GREEN: The governments of Great Britain and Australia seem to feel that they can take their peoples into their confidence with regard to plans for naval defence, and I cannot see why the Canadian people should not be told just what can be expected in the way of a navy. If that cannot be done, what is the objection to having a special parliamentary committee, representative of all parties, before which the facts could be placed? You would then in all probability get the unanimous support of the whole house for a plan for the defence of our coasts. I should like to know from the minister what objection there can be to such a procedure being followed.

Mr. MACKENZIE (Vancouver): So far as I personally am concerned, there would be no objection at all. If that were the feeling of the house committee, I would be only too glad to give my hon. friend all the information I have myself with reference to the plans of the Department of National Defence. But I would say that these plans are disclosed when the estimates are presented to parliament and are discussed as fully as they can be. No Minister of National Defence can outline definite plans for the future in this dominion. We are endeavouring to do the very best we can with the information at our disposal, and every single thing which has been done in the last two and a half years has been done according to a very carefully laid down plan, a plan laid out by the three service staffs of the Department of National Defence.

Mr. GREEN: Does the minister not think it would help a great deal if he could have a special committee appointed upon which all parties in the house would be represented and let them consider the plans which the department have?

Mr. MACKENZIE (Vancouver): As far as I am concerned, all that that committee could get is the information my hon. friend is now getting. I think he is being very successful in obtaining all the necessary information. There is no disposition on my part to withhold from my hon. friend all the information I have myself with reference to all the activities of the department. But if he is going to endeavour to pin me down this evening to a definite and comprehensive plan for the future, I am not going to make any such declaration.

[Mr. Green.]

Mr. GREEN: I would not attempt such a difficult thing as to pin the minister down.

Mr. MACKENZIE (Vancouver): Hear, hear.

Mr. GREEN: I think it would be a waste of good time. But I do suggest that this country is entitled to know what sort of a navy it is going to have. This government just goes along from year to year, buying a ship here and a ship there, and expecting us to sit back and be satisfied, and when we do ask for information the hint is thrown out that "that is none of your business."

Mr. MACKENZIE (Vancouver): Every single question asked by my hon. friend has been answered.

Mr. BROOKS: I am very much interested in the remarks made a few moments ago by the hon. member for Queens-Lunenburg (Mr. Kinley), and I heartily agree with his suggestion regarding a naval reserve and the employment of some of our maritimes fishermen. As a matter of fact, this is one of the first suggestions I have heard for the benefit of the fishermen from the maritime provinces since I have been in the house.

In mentioning the different ships we have for our defence on the Atlantic coast, I thought the hon. member might mention His Majesty's Canadian ship Venture. Down in the eastern provinces we have heard a good deal regarding this ship, since she was built, and we hear that as a "venture" she was a very poor one, not only for the Department of National Defence but also for the contractors and the workmen, and in fact for everybody that had anything to do with her. I should like to ask the minister certain questions with reference to this vessel. I note on page 22 of the report of the Department of National Defence, 1937, that this vessel was built by the Meteghan Shipbuilding Company in Meteghan, Nova Scotia. The contract price for the ship was $57,508. I should like to know if there were any other tenders at the time this contract was let, the number of tenders, and the amount of each.

Mr. MACKENZIE (Vancouver): Tenders for construction were called and quotations as follows were received: The Meteghan Shipbuilding Company, Meteghan, N.S., $57,508; W. C. McKay & Sons, Limited, Shelburne, N.S., $59,395; Smith & Rhuland, Lunenburg, N.S., $60,102; George E. Wagstaff, Port Greville, N.S., $64.650; Halifax Shipyards Limited, Halifax, N.S., $64,996; Yarrows Limited, Victoria, B.C., $98,572; The West Coast Salvage and Contracting Company, Limited, Vancouver, B.C., $118,402.

Mr. BROOKS: These tenders, I understand, were for the ship completed, all ready to be turned over to the department?

Mr. MACKENZIE (Vancouver): No; I understand that during the process of construction the firm which was building this ship went bankrupt, and the department had to take it over from the construction firm and remove the ship to Halifax.

Mr. BROOKS: Was the ship not completed before this company went bankrupt?

Mr. MACKENZIE (Vancouver): Not quite. I understand that certain final work of completion had to be arranged by the department.

Mr. BROOKS: What was necessary to complete it? What is the minister's understanding of the further work which was needed?

Mr. MACKENZIE (Vancouver): I think, less than a thousand dollars' worth of extras.

Mr. BROOKS: The minister says "I understand" and "I think." I should like to have something definite from him. We have heard these understandings and thoughts all afternoon. We are entitled to definite information.

Mr. MACKENZIE (Vancouver): The contract called for progress payments in varying percentages being made in accordance with the several stages of progress in construction. To date these payments amount to $51,655.20, leaving a balance of $5,852 due under the original contract price.

In the autumn of 1937 it came to the department's attention that the contractor was seriously involved financially. There were large claims against the contractor from parties who had supplied material, equipment, machinery, etc., used in the construction of the vessel, and from the bank which had made an advance on a promissory note. In addition, there were claims by the dominion government in respect of sales tax, the provincial government for provincial taxes, workmen's compensation assessments, etc., and for unpaid wages to the contractor's workmen, all of which the contractor had no funds to meet.

At that time the vessel was almost completed, but the contractor's financial position prevented him from doing the further work required, and the department under the contract therefore took over the ship for this purpose. She was brought around to Halifax as she was being hazarded in the berth where she was lying at Meteghan. The ship was completed by the dockyard authorities, duly commissioned, and has carried out its winter training program in the vicinity of Bermuda.

After the ship had been taken over by the department, the majority of the creditors held an informal meeting in Halifax with the contractor and his solicitors, and it was decided to proceed under the Companies' Creditors Arrangement Act, 1933. A court order approving a scheme of arrangement under that act was issued. The scheme provides for the contractor, assisted by a committee of creditors, negotiating with the department to determine the amount to be paid by the department for the construction, etc., of the ship, and, upon the amount being so determined, the same will be paid to the Eastern Trust Company as trustee, to be disbursed by the trustee to the several creditors as set out in the scheme.

The contractor has submitted a claim for additional compensation, which has been examined in detail by the technical naval officers, their report being received within the last few days, and this report is being considered in principle by the deputy minister, the judge advocate-general and Mr. Burchell, K.C., of Halifax, the agent of the department of justice, who was consulted in the matter. This is the situation with reference to the Venture.

Mr. BROOKS: I understand, then, the ship was practically completed?

Mr. MACKENZIE (Vancouver): Yes.

Mr. BROOKS: But that they still owed a considerable amount to creditors.

Mr. MACKENZIE (Vancouver): Yes.

Mr. BROOKS: Did the government take over the responsibility of paying these creditors?

Mr. MACKENZIE (Vancouver): No, not yet.

Mr. BROOKS: Is it the intention of the government to pay?

Mr. MACKENZIE (Vancouver): I understand that this committee is still reviewing the situation. The final report is not yet before the minister.

Mr. BROOKS: Well, I shall ask the minister: Is it the policy of his department or any other department of the government, when a contractor becomes bankrupt and has certain obligations and debts, for the government to come to the aid of and pay the creditors of that particular bankrupt?

Mr. MACKENZIE (Vancouver): No; I should say that would not be the policy. At the same time I would think that if there

were wages owing to workmen in a bona fide way, it would be reasonable for the government to see that those wages were paid.

Mr. BROOKS: Then I understand the sums which are being paid are being paid only to the workmen?

Mr. MACKENZIE (Vancouver): As I say, no final settlement has yet been recommended to the minister by the committee.

Mr. BROOKS: How much money did this company owe at the time it went into bankruptcy, and to whom were these amounts owing?

Mr. MACKENZIE (Vancouver): The department is not yet familiar with all the amounts owing by the bankrupt company.

Mr. BROOKS: How much had the department paid the Meteghan Shipbuilding Company at the time it went into bankruptcy?

Mr. MACKENZIE (Vancouver): Payments totalled $51,655 leaving a balance due under the contract of $5,852.

Mr. BROOKS: Was there not considerable trouble during the building of this ship over the wages which this company paid? That is, it was not paying according to the schedule laid down for contracts of this kind. Was there not an investigation?

Mr. MACKENZIE (Vancouver): Yes; certain complaints were made and they were immediately referred to the Department of Labour, which sent an investigator there and asked us to hold back a certain amount of money.

Mr. BROOKS: What was the amount?

Mr. MACKENZIE (Vancouver): It was $6,000.

Mr. BROOKS: And that was for the benefit of the workmen?

Mr. MACKENZIE (Vancouver): To make sure that funds would be available to settle any amount owing.

Mr. BROOKS: Was that not held back by the Department of Labour for the benefit of the workmen?

Mr. MACKENZIE (Vancouver): It was held back by the Department of National Defence consequent upon the investigation by the Department of Labour.

Mr. BROOKS: For the benefit of the workmen?

Mr. MACKENZIE (Vancouver): I understand so, yes.

[Mr. I. Mackenzie.]

Mr. BROOKS: Are the workmen receiving the amount that was held back?

Mr. MACKENZIE (Vancouver): I do not think a final decision has yet been made.

Mr. GREEN: The minister has stressed the need for naval forces with which to attack a raiding fleet and any bases which might be established on our coasts. What type of boat does he expect to use for that purpose? Apparently at present he has only destroyers. Has there been a report from the department concerning the advisability of using submarines, motor torpedo boats and similar craft?

Mr. MACKENZIE (Vancouver): The available reports are definitely against our using the types mentioned by the hon. member.

Mr. BROOKS: The minister stated this afternoon that in these contracts it was his desire to have, and his efforts were devoted to having as many returned men employed as possible. Is he aware how many returned men were employed in the construction of this ship at Meteghan?

Mr. MACKENZIE (Vancouver): No.

Mr. BROOKS: Were any representations made to him that returned men were not being employed?

Mr. MACKENZIE (Vancouver): I am not aware of any.

Mr. BROOKS: The minister probably forgets, because I called his attention to it myself. I had a number of complaints that the man in charge would not employ returned men at all unless they belonged to his own political party. I wrote the minister to that effect. Out of 100 men employed on this work I understand only two were returned men. I understand also that the men's wages were held back; that they were paid wages below the scale; that some weeks they were not paid at all; that they would have to buy their goods from Mr. DeVeau, the contractor; that the prices charged them were away above the average, and the whole matter was something of a disgrace. I am not blaming the minister personally, but it certainly did not reflect any credit on his department.

Mr. MACKENZIE (Vancouver): I assure my hon. friend that as soon as the department discovered the situation, everything possible was done to correct it. I frankly admit that it was an unsatisfactory piece of work.

Mr. GREEN: What arrangement has the Canadian government with the British government for the training of our naval personnel, officers and men?

Mr. MACKENZIE (Vancouver): There is an exchange of officers; our naval officers take specialist courses of various kinds at the various staff colleges, and some of them go to sea; and some of the ratings also have training in the British naval forces, and our cadets proceed there for two years' training.

Mr. GREEN: The position then is that all our cadets who are to be the officers, and some of the ratings, go to the British navy and are trained there?

Mr. MACKENZIE (Vancouver): I think all the officers have training at one time or another in the staff colleges of the British navy.

Mr. GREEN: Not only in the staff colleges, but they train on the British ships?

Mr. MACKENZIE (Vancouver): Some of them are sent to sea for certain periods.

Mr. GREEN: Do we pay anything for that service to the British navy?

Mr. MACKENZIE (Vancouver): Yes.

Mr. GREEN: Is that included in this vote?

Mr. MACKENZIE (Vancouver): Yes.

Mr. GREEN: Is there any chance for a Canadian officer to get promotion in the British navy?

Mr. MACKENZIE (Vancouver): If he is a Canadian officer going for training he remains a Canadian officer, and returns for promotion in the Canadian naval force.

Mr. GREEN: But are there facilities for a Canadian officer in the higher grades going on up the ladder in the British navy?

Mr. MACKENZIE (Vancouver): I am not aware of any occasion when that takes place.

Mr. GREEN: Why were the two destroyers, Vancouver and Champlain, scrapped a year or two ago? It would seem that they might have been kept as training units.

Mr. MACKENZIE (Vancouver): Because they were not the property of the Canadian government; they were the property of the British admiralty, and they were scrapped by order of the British admiralty.

Mr. GREEN: Has the government made any attempt recently to borrow any other naval vessels from the British admiralty?

Mr. MACKENZIE (Vancouver): No.

Mr. GREEN: Would it be possible to do that?

Mr. MACKENZIE (Vancouver): I am not in a position to say whether it would or not.

Mr. LENNARD: From what Canadian oil companies is the fuel procured for use on the destroyers?

Mr. MACKENZIE (Vancouver): I understand that at present the purchases are being made from the Imperial Oil Company.

Mr. LENNARD: What price is being paid?

Mr. MACKENZIE (Vancouver): I am sorry I cannot give that information; I do not know.

Mr. STIRLING: Did the Venture travel around from Meteghan to Halifax under her own sail?

Mr. MACKENZIE (Vancouver): Yes.

Mr. STIRLING: Has she auxiliary power?

Mr. MACKENZIE (Vancouver): Yes. I may say that while I said the contract was unsatisfactory, the ship is an excellent ship. According to the reports we have received, she is first class. But the way in which the contract was carried out was unsatisfactory to the department.

Mr. STIRLING: Does the minister know what cost was incurred after she reached Halifax? I understand she was completed by dockyard help. How much was logged up against her at Halifax?

Mr. MACKENZIE (Vancouver): I have not the amount before me, but I understand it was only a few hundred dollars.

Mr. GREEN: Is it possible to build destroyers and submarines in Canada?

Mr. MACKENZIE (Vancouver): Yes, certainly.

Mr. GREEN: Why is the government not making some attempt to build our destroyers here?

Mr. MACKENZIE (Vancouver): In the first place the cost would be very much more; in the second place the time taken would be four or five times as much, and in the third place the very best thing possible was done with the resources at our disposal.

Mr. LENNARD: Is the coal used on the coal burning naval ships strictly Canadian coal?

Mr. MACKENZIE (Vancouver): Yes.

Item agreed to.

H.M.C. dockyards and armament supply depots, $422,260.

Mr. GREEN: How many dockyards are there in Canada?

Mr. MACKENZIE (Vancouver): Two: Esquimalt and Halifax.

Mr. GREEN: Are those dockyards large enough and well enough equipped to handle a fleet of the British navy? Apparently we are depending upon the British navy to protect us; are we at least able to furnish bases for these ships?

Mr. MACKENZIE (Vancouver): It would depend upon the strength of the fleet in those harbours.

Mr. GREEN: Could the dockyard at Esquimalt take care of a battle cruiser, or of a 10,000 ton cruiser?

Mr. MACKENZIE (Vancouver): I think for ordinary repairs the dockyard would be adequate.

Mr. GREEN: What would it cost to fit this dockyard so that it would be suitable for repairing units of the British fleet, that is, ordinary units such as cruisers or battle cruisers?

Mr. MACKENZIE (Vancouver): I have no knowledge; I have made no estimate as to that nor have I been asked for any estimate.

Mr. ROWE (Dufferin-Simcoe): Would the minister explain the reduction in this item?

Mr. MACKENZIE (Vancouver): The sum of $200,000 voted last year for the construction of buildings at the joint service magazine at Esquimalt has been reduced this year to $120,000, a decrease of $80,000.

Mr. PELLETIER: Are any oil supply depots available on the Pacific coast for the use of the British navy?

Mr. MACKENZIE (Vancouver): Not at the moment. The facilities would be at Esquimalt, if we decided to have storage there.

Mr. PELLETIER: I should like to point out to the minister the vast natural resources of Alberta in regard to oil; I believe that is an asset of which we should take cognizance. I think eventually the oil resources of Alberta will prove of material assistance to both the Canadian navy and the British navy, and I think it should be part of the work of this department to look into the question of the supply of oil. Oil is known to exist in Alberta in unlimited quantities. The department might also turn its attention to the tar sands at Fort McMurray, where we understand there are many millions of barrels of oil which could be very easily piped to Vancouver for the use of the Canadian navy. I think matters of this kind, when it comes to the question of supply depots, might very well be considered by the government, and I was wondering if anything had been done in the line of research work into the possibility of developing those oil fields in order to assure a supply of oil in case of need.

Mr. MACKENZIE (Vancouver): Not by the Department of National Defence.

Mr. PELLETIER: The minister was probably busy and did not follow my question. I asked if it was the intention of the government to have any sort of survey made in order to ascertain whether or not those supplies could be used in case of need. As I said, I believe the resources of Alberta in that regard are almost unlimited, and certainly they would come in very handy in time of need for both Canadian and British navies. I was wondering if the department had made any survey along that line with a view to ascertaining what use might be made of this oil and how quickly it could be made available.

Mr. MACKENZIE (Vancouver): I may say that investigations have been made. I am not at liberty to disclose the nature of them, but I shall be glad to keep the observations of my hon. friend in mind.

Mr. CLARKE (Rosedale): There is an item of $20,400 for the repair and upkeep of properties, which is an increase of $10,400, and another item of $31,600 for operating expenses of properties, an increase of $8,000. What is the difference between the repair and upkeep of properties and the operating expenses of properties. I suppose general repairs would come under one, but what would be the operating expenses of properties?

Mr. MACKENZIE (Vancouver): The appropriation for operating expenses of properties for 1938-39 is $31,600. The explanation is that this is to cover electric light and water services and the heating of buildings for dockyards and naval armament supply depots. The explanation of the increase is this: Last year it was $14,735 and this year it is $17,900, and the increase of $3,165 is required owing to the additional buildings to be serviced in that fashion during the coming year. There is an increase of $4,600 in the heating of the buildings, which is required owing to additional buildings to be serviced during the coming year.

Mr. GREEN: Is the overhaul of ships of the Pacific coast squadron done at the government dockyard at Esquimalt or let out by contract?

Mr. MACKENZIE (Vancouver): I understand that most of the repairs are carried out by the department and the drydocking is done by civilian firms.

Mr. GREEN: Is the government not equipped with a drydock there in which the work could be done?

Mr. MACKENZIE (Vancouver): Evidently not.

Item agreed to.

Royal Canadian Naval Reserves, $319,800.

Mr. NEILL: Early in the session the minister told us that he was either contemplating or actually had in operation a scheme for developing some system of naval reserves on the Pacific coast. Could he give us some particulars as to the progress made, the number of men enlisted, the terms of enlistment, when they are trained, and so on?

Mr. MACKENZIE (Vancouver): As I told my hon. friend two or three weeks ago, before the session commenced we had a naval officer of wide experience survey the situation with the idea of having a fishermen's reserve if possible on each coast. We have just completed the survey on the Pacific coast and intend to proceed with one on the Atlantic. The officer in question has submitted a definite suggestion to the department, and it is hoped that action will be taken, if not this year, at least early next year on both coasts.

Mr. NEILL: You have not any men actually signed up yet?

Mr. MACKENZIE (Vancouver): No. It would not come into effect until next winter, when the fishing fleet will be laid up.

Mr. NEILL: I understood from the press that the officer actually had been up the coast, made contacts with fishermen and gained their consent.

Mr. MACKENZIE (Vancouver): Yes; I think in his preliminary surveys he obtained from them their willingness or otherwise, when their ships were laid up in the winter, to enter such a fishermen's reserve. Of course the agreement could not be proceeded with until next winter.

Mr. NEILL: How long would the training be?

Mr. MACKENZIE (Vancouver): I do not think the final details have been worked out as to the length of training, but I would think probably it would be a month or so.

Mr. NEILL: Could the minister indicate what would be the anticipated enlistment, or what would be the size of the force?

Mr. MACKENZIE (Vancouver): About two hundred, I think.

Mr. NEILL: On the Pacific coast?

Mr. MACKENZIE (Vancouver): Yes.

Mr. NEILL: All fishermen?

Mr. MACKENZIE (Vancouver): Yes.

Item agreed to.

Air services—Royal Canadian Air Force—permanent air force, $9,410,567.

Mr. TUSTIN: What are the qualifications required of a man entering for training as a pilot in the Royal Canadian Air Force and also the qualifications required of the young fellows who go in for training as mechanics?

Mr. MACKENZIE (Vancouver): I assume the hon. member refers to the qualifications for training as a pilot. These are the qualifications:

To qualify for ab initio flying training in the Royal Canadian Air Force applicants must be—

(a) Of pure European descent, sons of parents both of whom are or if deceased were at the time of their death British subjects, or naturalized British subjects;

(b) unmarried;

(c) medically fit for full flying duties;

(d) between the ages of 18 and 25 on the 1st of June in the year in which he is applying for entry;

(e) a graduate of the Royal Military College or a graduate of a four year course in the faculty of applied science, arts, arts and science, law or forestry of a recognized Canadian university;

(f) otherwise suitable including appearance, character and personality;

Mr. TUSTIN: What are the qualifications for a young man wishing to qualify as a mechanic?

Mr. MACKENZIE (Vancouver): To be eligible for non-flying list commissions the candidates must fulfil the following conditions:

(a) They must be of pure European descent and must be British subjects and the sons of parents both of whom are or if deceased were at the time of death British subjects.

(Where there is doubt the burden of proof will rest upon the applicant.)

(b) They must be unmarried;

(c) They must be medically fit, in accordance with R.C.A.F. standards, and otherwise suitable.

(Medical examination to be completed on form M.F. B 336.)

(d) They must have attained the age of twenty-one years but not twenty-five on the 1st of June of the year in which the candidate is applying for entry.

(No extension of these age limits can be allowed.)

(e) They must be graduates of—

(i) Royal Military College;

(ii) The applied science, commerce or arts (in commerce) faculties of a recognized university, or possess certificates of having passed the intermediate accountancy examination set by a provincial chartered accountants association.

Mr. LENNARD: Do those qualifications apply to mechanics?

Mr. MACKENZIE (Vancouver): In the stores and accounts branch of the Royal Canadian air force, for permanent commissions.

Mr. LENNARD: But they are not mechanics.

Mr. MACKENZIE (Vancouver): The applicant for enlistment to the Royal Canadian Air Force as an unskilled man must:

(a) Be a British subject resident in Canada, the parents of whom are (or, if deceased, were at the time of their death) British subjects.
(b) Be medically fit (category A) and unmarried.
(c) Be free from engagement with any other service of His Majesty's forces.
(d) Be willing to enlist for a period of three years for general service at any place to which he may be posted or transferred.
(e) Be willing to be vaccinated and inoculated.
(f) Have attained his 18th but not his 45th birthday.
(g) Be in possession of an entrance examination certificate or its equivalent.
(h) Be of good moral character. A certificate to this effect is required from the principal of the last school attended, a clergyman, or another responsible person.

7. Applicants who are qualified as above are eligible for enlistment as unskilled airmen.

Mr. TUSTIN: When a young man enlists in the Royal Canadian Air Force, does he enlist as an unskilled man, if he wishes to qualify as a mechanic?

Mr. MACKENZIE (Vancouver): There is another special provision for skilled men. It is as follows:

In exceptional cases, an applicant may be enlisted as a skilled man (tradesman). In addition to being qualified as in paragraph 6, he must pass a practical and theoretical test in one of the air force trades. Before arrangements are made for this test, proof must be submitted in writing that the applicant has been employed at his trade for at least three years, and that he is proficient in it.

9. Some of the trades covered by this paragraph are: Fitter, carpenter, metal worker, cook, fabric worker, machinist, tailor, wireless operator, etc.

Mr. TUSTIN: Possibly I am not making myself clear, but we know that in the Royal Canadian Air Force there are a great many mechanics who work on aeroplanes. The question I am asking is this: Does a man enlist as an unskilled worker to qualify as a mechanic, or how does he enlist if he wishes to become a mechanic?

[Mr. I. Mackenzie.]

Mr. MACKENZIE (Vancouver): If he enlists as a mechanic, he must have the qualifications I have just read for a skilled man, otherwise he would have to enlist under the other section I read.

Mr. WOODSWORTH: Would the minister give some idea as to the purpose of our air force in Canada?

Mr. MACKENZIE (Vancouver): Yes; the purpose of the air force in Canada is to cooperate with the naval and militia services for the defence of Canada in the case of an emergency. While I shall not answer at length, it has been said in general debate that an air force is not primarily for defensive purposes. I must say that the advice I have received from those supposed to be qualified to advise is to the opposite effect. They say an air force can be as effective in defence as it may be in offence. So far as the plans drawn up in the Department of National Defence are concerned, may I say that the entire purpose of the air force is to combine, according to carefully prepared plans, with the land force, if necessary, and with our small sea force for the protection of our focal areas, our trade routes and our coastal areas and, if we were neutral, for the protection of our neutrality.

Mr. WOODSWORTH: The minister has mentioned the protection of our neutrality. A matter occurs to me which, I believe, has not yet been discussed in the house. Within the last few days we have heard a great deal as to the possibility of Canada supplying planes or other munitions of war to Great Britain. In that case I fancy it might very well be that the first objective of any attacking force would be the factories in which such aeroplanes or war materials are being produced. In such event I fancy it would be difficult to protect our neutrality. It would be difficult to remain neutral if we were actively engaged in supplying materials of war to any nation, whether it be a British nation or a nation outside the empire. I should like to ask whether or not any arrangement has been arrived at by which no materials would be manufactured in or exported from Canada without a licence from the Department of National Defence, and whether in the granting of such licence consideration will be given to the added dangers which, it seems to me, would come to Canada because of the manufacture in this country of munitions of war.

Mr. MACKENZIE (Vancouver): The licence referred to by the hon. member is not given by the Department of National Defence.

It is a permit given, under the amended section 290 of the Customs Act, by the Department of National Revenue, which deals with these matters. May I say further that the Canadian government has not been a party in regard to the supplying of any munitions. In two or three minor cases up to date the British government have given orders to Canadian firms. One would be the National Steel Car order at Hamilton, and we know they have given an order for the Bren gun to the firm in Toronto to which the Dominion Department of National Defence gave an order. With these exceptions, very few orders have been placed with Canadian industry by the British government.

Mr. WOODSWORTH: When I referred to Canada I did not mean the government of Canada. I had Canadian firms in mind. It does not seem to me that this is a matter which concerns merely another department, in the same manner as other exports might concern that department. It seems to me these matters are vital to the welfare of the whole of Canada, especially from a military standpoint.

If I may repeat, it seems to me that the very fact we were producing munitions would create a greater danger for Canada, either the physical danger of being attacked or the constitutional danger in case we wished to remain neutral. Has the Department of National Defence taken these matters definitely into consideration when the contracts are being let to Canadian firms?

Mr. MACKENZIE (Vancouver): The hon. member may rest assured that every possible consideration is being carefully weighed with respect to these orders.

Mr. WOODSWORTH: Is the Department of National Defence consulted before any licences are given for the manufacture or export of munitions of war to other countries?

Mr. MACKENZIE (Vancouver): Yes, naturally, because I think they are naturally referred to the governor in council. I think all these permits are referred to the governor in council, and the Minister of National Defence should be familiar with what has taken place.

Mr. CLARKE (Rosedale): There is a difference of nearly $2,000,000 in the amount allowed for stores and equipment this year as compared with last. What is the explanation of this large decrease?

Mr. MACKENZIE (Vancouver): The large decrease in this item is chiefly on account of the reduction in the number of aircraft, together with equipment and spares therefor, to be obtained during the current year as compared with 1937-38. In the estimates for the Royal Canadian Air Force provision was made for 102 machines, whereas this year seventy-five are provided for. It is anticipated that delivery cannot be obtained during the year of all stores and equipment ordered. Provision is being made to the extent only to which deliveries can be expected during the current year.

Mr. TAYLOR (Nanaimo): Will the air pilots on the Trans-Canada Air Lines have any rating in the permanent air force?

Mr. MACKENZIE (Vancouver): They have not at the present time, but it is expected that conferences will be held to discuss the point raised by my hon. friend.

Mr. TUSTIN: Getting back to the matter of qualifications, I am still not clear as to what the minister said with regard to qualifications, but possibly I am not making myself clear. The point is that a certain number of young men have enlisted to become mechanics in the air force, and I should like to know if those men enlisted as unskilled workers or if they had to have special qualifications? I understood the minister to say that in connection with unskilled workers it was only necessary to have passed the entrance examination.

Mr. MACKENZIE (Vancouver): I shall be glad to send over a copy of the printed regulations dealing with the qualifications for enlistment in the Royal Canadian Air Force. The position with reference to the enlistment of unskilled men is exactly as I read it.

Mr. TUSTIN: I can understand the situation as far as the skilled men are concerned. Men are continually being trained as mechanics, and I understand that the air force prefer to train these men along their own lines. The department has advised certain young men whom I know that they must have at least four years secondary school education, and I was not quite clear as to the necessary qualifications.

Mr. MACKENZIE (Vancouver): They cannot enlist as skilled men unless they have certain qualifications which are stipulated; the regulations provide for the training of men as tradesmen after enlistment. The qualifications are set out in detail in the pamphlet to which I referred.

Mr. TUSTIN: I should like to have a copy of that.

Mr. STIRLING: With this new method of preparing the estimates, I notice it is very seldom noted that the appropriation was not required, that is the appropriation in the estimates of the previous year. In connection with this vote, we have been given to understand that orders placed in Great Britain for airplanes have been considerably delayed. Does the minister follow me?

Mr. MACKENZIE (Vancouver): I am sorry; I do not.

Mr. STIRLING: A total of $10,595,000 was voted last year for this item. Was that all spent?

Mr. MACKENZIE (Vancouver): No.

Mr. STIRLING: With the present method of submitting the estimates, where would the balance appear?

Mr. MACKENZIE (Vancouver): Part of it may lapse and part of it may be revoted later on.

Mr. STIRLING: In the form of supplementaries?

Mr. MACKENZIE (Vancouver): Yes.

Mr. MACKENZIE KING: They may come in the supplementaries or they may lapse altogether.

Mr. McNIVEN: The minister said that the vote last year provided for 102 airplanes. How many have been supplied?

Mr. MACKENZIE (Vancouver): We have about 60, but that number may be one or two out one way or the other. The great proportion of those are light training planes. The heavier planes included in the 102 provided for last year could not be delivered so soon.

Mr. McNIVEN: Will the vote for the 42 planes lapse? Are those planes under construction, and, if so, where?

Mr. MACKENZIE (Vancouver): A certain amount of the vote of last year will lapse.

Mr. EDWARDS: The hon. member for Winnipeg North Centre (Mr. Woodsworth) put a question to the minister in connection with contracts placed in Canada by the British government. Is any direction given by the Department of National Defence in the placing of those contracts?

Mr. MACKENZIE (Vancouver): In certain instances the British government might ask the Canadian government for information as to the ability of a certain firm to carry out certain work, but the contracts are let directly by the British government to the individual industry concerned.

Mr. EDWARDS: Has the department made a complete survey of plants throughout the country equipped to do certain work?

Mr. MACKENZIE (Vancouver): The survey is not complete, but extensive work has been done in that connection. We have surveyed 768 firms throughout the dominion.

Mr. EDWARDS: That work is being done.

Mr. MACKENZIE (Vancouver): It is being done now.

Mr. GREEN: How many modern first line aircraft have we?

Mr. MACKENZIE (Vancouver): That is what I said a minute ago. Most of those that were completed are of the training type. My hon. friend presumably refers to the fighter or service type. Very few of those are completed yet, probably not more than twelve.

Mr. GREEN: How many shall we have as a result of this vote? What is the total number provided for now, including what we have actually on hand?

Mr. MACKENZIE (Vancouver): At the end of this year, 203.

Mr. GREEN: Those are service machines?

Mr. MACKENZIE (Vancouver): Service and training combined.

Mr. GREEN: How many service machines will there be?

Mr. MACKENZIE (Vancouver): I think I had better give them by types.

Mr. STIRLING: Before the minister begins, are the 203 being built in Canada?

Mr. MACKENZIE (Vancouver): No; some of them in England, thirty-three of them.

Mr. GREEN: Would the minister indicate, when he gives the list, which are service planes and which are training planes?

Mr. MACKENZIE (Vancouver): First, the fighter planes; it is expected that seven will be ready next year at this time. Then bomber and army cooperation, twenty-four; flying boats, four; Stranraers, seven; torpedo bombers, sixteen; coastal reconnaissance, eight.

Mr. GREEN: That first list is of service planes.

Mr. MACKENZIE (Vancouver): Yes. Then the training planes: seven of the 621; twelve of the 626; forty-three fleets; twenty-six tiger moths; eight Bellanca—these are

obsolete now—sixteen Fairchild 71; one Fairchild super 71; twenty Deltas; four Norseman. The trainers are the tiger moths.

Mr. GREEN: So one year from now we shall have only seventy-eight service machines, according to those figures. Is that correct?

Mr. MACKENZIE (Vancouver): That is approximately correct.

Mr. STIRLING: That will be the case only if delivery is made by Great Britain in time. These Wapiti are being built in Great Britain?

Mr. MACKENZIE (Vancouver): We have them here in Canada now.

Mr. STIRLING: Has the government ever considered getting over that difficulty in the way I understand Australia has? When the money is voted it is placed in a fund in London, so that it actually passes from the country for that purpose.

Mr. MACKENZIE (Vancouver): Yes; that has come to our attention. They have a trust fund, I understand, especially for that purpose. I am informed—I am not sure whether it is correct—that under the provisions of our Audit Act that could not be done so far as Canada is concerned.

Mr. GREEN: What aircraft cannot be built in Canada? The service craft?

Mr. MACKENZIE (Vancouver): Any aircraft of any kind can be built in Canada. I am certain that our industry is equal to the production of any type of aircraft.

Mr. GREEN: There is no reason why Canadian factories could not at the present time produce the most up to date aircraft?

Mr. MACKENZIE (Vancouver): No reason at all; factors such as time and capital expenditure could be overcome if sufficiently large orders were forthcoming.

Mr. McIVOR: I want to say that the Department of National Defence have been very busy in finding out just what our first-class airplane factories are capable of doing. I know our Fort William factory has had several visits from the department's experts. I say this only because I feel sure that we are going to get two or three big orders before very long.

Mr. GREEN: Where is the construction of buildings and works, costing $1,508,000, as given in the details on page 138, to take place?

Mr. MACKENZIE (Vancouver): The details are as follows:

The amount submitted is $1,508,000.

Dartmouth, Nova Scotia, $410,000, made up as follows: Radio station, $7,000; services, $28,000; water supply and pump house, $30,000; barrack block, $50,000; airdrome—grading, runways and so forth—$195,000; administration and single officers' building, $100,000.

Sydney, Nova Scotia, $70,000; Truro, $100,000; Yarmouth, $100,000; No. 1 aircraft depot, Ottawa, $55,000; R.C.A.F. station, Ottawa, $55,000; Trenton, $134,500; Petawawa, $15,000; Winnipeg, $5,000; Calgary, $13,000; Vancouver, $268,000; Alliford Bay, $75,000; Kamloops, $32,500; Patricia Bay, B.C., $100,000; Prince Rupert, $75,000.

Mr. GREEN: Will that complete the air base at Patricia bay and Prince Rupert?

Mr. MACKENZIE (Vancouver): No. I think it will only take care of the acquisition of the property and the commencement of grading operations for the preparation of the ground.

Mr. HAMILTON: In view of the discussion which has taken place as to contracts for war material and equipment, perhaps it would not be out of place for me to point out to the minister and the government that most of this material is based on steel, and that again is based on iron ore. I believe I am correct in saying that there is no iron ore mined or produced in Canada. The maritimes get their supply from Newfoundland, and central Canada gets its supply from the United States. Should the neutrality laws of the United States be such that they could not supply Canada with iron ore, the whole bottom of our steel industry drops out. I think I am correct in saying that there would be very little reserves of iron ore in supply at any given time in Canada. Iron ore is of vital importance to ensure Canada of a continuous supply of steel, which goes into the production of war materials and equipment of every kind. As the committee no doubt knows, we have plenty of iron ore resources in Canada, although unfortunately it is of a low grade. We have also different types of iron ore. Because of the bounty that has been granted by the Ontario government, the mining of iron ore is now being developed north of my constituency, where there is a large supply of siderite ore, and they contemplate being able to develop that with the assistance of the bounty. There are many types of iron ore that can be successfully used in our blast furnaces. I rose just to point out to the committee that if a supply of war material is important to Canada, and important to Great Britain through Canada,

then the supply of iron ore becomes a significant and vital consideration for us to keep in mind.

Mr. MacINNIS: I think the hon. member for Algoma West (Mr. Hamilton) is not correctly informed when he says there is no iron ore produced in Canada. My information is that iron ore is being produced at the present time in British Columbia and being shipped directly to Japan. To-night we are appropriating money to defend the Pacific coast of Canada from a country that we insist on arming.

Mr. HAMILTON: If that is the case, I think it must be a recent development; for the information I had not very long ago was to the effect that iron ore is not mined in Canada. If it is being shipped from British Columbia to Japan, that is something new to me. I accept the hon. member's statement.

Mr. TUSTIN: How many Canadians have enlisted in the Royal Air Force, that is the imperial air force?

Mr. MACKENZIE (Vancouver): The total will be ten a month, one hundred and twenty.

Mr. BROOKS: Is it proposed to establish any other air fields than those the minister has already mentioned?

Mr. MACKENZIE (Vancouver): Those I have mentioned are all those that are covered in the estimates for 1938-39. As regards the future, I could not speak with any definiteness at the present time.

Mr. GREEN: What developments are to be made at the Jericho air base this year?

Mr. MACKENZIE (Vancouver): We are building two hangars. As my hon. friend knows, two were built last year. There are further extensions of the nature of officers' quarters.

Mr. GREEN: Is any more property being acquired?

Mr. MACKENZIE (Vancouver): I understand that application has been made to the exchequer court for more property. The application may be heard some time during the present year.

Mr. GREEN: Is that for buildings or just vacant land?

Mr. MACKENZIE (Vancouver): I believe that both buildings and land are included.

Mr. GREEN: What buildings are to be acquired?

[Mr. Hamilton.]

Mr. MACKENZIE (Vancouver): It is to the west of where the barracks are being erected at the present time.

Mr. STEWART: I notice that the amount for pay and allowances for the current year is $2,866,000 as against $2,188,000 odd last year. In order to save time, I shall combine two questions in one: Will the minister give the total number of all ranks that will be involved in this item, and also the rates of pay and allowances for the different ranks?

Mr. MACKENZIE (Vancouver): The numbers are 247 officers and 1,823 air men.

Mr. STEWART: That is for the coming year?

Mr. MACKENZIE (Vancouver): For 1938-39, a total of 2,070, at a cost of $2,866,904. The rates of pay and allowances are quite extensive. Does my hon. friend wish to have them all? They are involved—pay on appointment and rations and quarters and married allowances. Perhaps, if I gave the pay on appointment to the various ranks, that would be sufficient.

Mr. STEWART: Yes.

Mr. MACKENZIE (Vancouver): Air commodore, $5,000; group captain, general list, $4,300; wing commander, general list, $3,700; wing commander, non-flying, $2,900; squadron leader, general list, $3,300; squadron leader, non-flying, $2,500; flight lieutenant, general list, $2,850; flight lieutenant, non-flying, $2,050; flying officer, general list, $2,350; flying-officer, non-flying, $1,550; pilot officer, general list, $2,100; pilot officer, non-flying, $1,300; warrant officer, No. 1, $1,460; warrant officer, No. 2, trade, $1,314; warrant officer, No. 2, standard, $1,241; flight sergeant, trade, $1,222.75; flight sergeant, standard, $1,095; sergeant, "A," $1,131.50; sergeant "B," $1,076.75; sergeant "C," $1,040.25; sergeant, standard, $1,003.75; corporal "A," $967.25; corporal "B," $912.50; corporal "C," $876; corporal, standard, $821.25; leading aircraftman, "A," $876; leading aircraftman "B," $821.25; leading aircraftman "C," $784.75; leading aircraftman, standard, $730; aircraftman 1 "A," $839.50; aircraftman 1 "B," $784.75; aircraftman 1 "C," $748.25; aircraftman 1 Standard, $693.50; aircraftman 2 "A," $784.75; aircraftman 2 "B," $748.25; aircraftman 2 "C," $711.75; aircraftman 2 standard, $620.50.

Mr. STEWART: In addition to that, varying allowances, I suppose?

Mr. MACKENZIE (Vancouver): Oh, yes, varying.

Mr. STIRLING: I am not clear as to which this property is in the vicinity of Jericho. The minister says it is west of the new barrack building now proceeding. I am not sufficently acquainted with the points of the compass to know where it is. Is the road leading past that to the present air force north and south? If it is, west of that would be behind the barrack property on the beach.

Mr. MACKENZIE (Vancouver): No; I think application has been made to the exchequer court to expropriate the property now occupied by Mr. Spencer—twelve acres, I think.

Mr. GREEN: Does that include the very large home of Mr. Spencer?

Mr. MACKENZIE (Vancouver): I think that is included in the application.

Mr. GREEN: What is it to be used for?

Mr. MACKENZIE (Vancouver): I would think, for single officers' quarters.

Mr. GREEN: Has the minister any idea of the price?

Mr. MACKENZIE (Vancouver): No; we cannot say. It will be determined eventually by the exchequer court.

Mr. GREEN: Was there an offer made by the government?

Mr. MACKENZIE (Vancouver): No.

Mr. STEWART: As I understand it, in matters of expropriation those items are not included in the estimates; they are payable out of the consolidated revenue as a result of the judgment of the court. There is nothing included anywhere in these estimates for it, is there?

Mr. MACKENZIE (Vancouver): I think there is an amount in this estimate towards that purpose. It is $30,000.

Mr. STEWART: Would the minister be good enough to say what portion of the vote for the year 1937-38 amounting to $10,595,000 has not been expended, and the major items of the vote of last year in respect of which there has not been a full expenditure?

Mr. MACKENZIE (Vancouver): I am informed that the final figures are not available as yet, but that the average underspent will be less by way of proportion than it was in some previous years. That is the only definite information I can give my hon. friend.

Mr. GREEN: Could the minister explain why a home of that nature, a very expensive home, should be necessary for single officers' quarters?

Mr. MACKENZIE (Vancouver): The recommendation was made by the officers of the department. I think a saving will be effected as compared with single officers' quarters, that otherwise would be constructed.

Item agreed to.

Non-permanent Air Force, $987,050.

Mr. GREEN: The minister said during his main speech on these estimates that there were to be two non-permanent squadrons. Where are they to be located?

Mr. MACKENZIE (Vancouver): There are two in Montreal—

Mr. GREEN: No; the two new non-permanent squadrons.

Mr. MACKENZIE (Vancouver): The location of the twelve, which is the total number contemplated at the present time, is as follows:

No. 110, army cooperation squadron, Toronto;
No. 111, coast artillery cooperation, Vancouver;
No. 112, army cooperation squadron, Winnipeg;
No. 113, fighter squadron, Calgary;
No. 114, bomber squadron, London, Ontario;
No. 115, fighter squadron, Montreal;
No. 116, coast artillery cooperation squadron, Halifax;
No. 117, fighter squadron, Saint John, New Brunswick;
No. 118, bomber squadron, Montreal;
No. 119, bomber squadron, Hamilton, Ontario;
No. 120, bomber squadron, Regina;
No. 121, fighter squadron, Quebec.

The three to be organized are Nos. 114, 116 and 117.

Mr. GREEN: Does that include the two new ones?

Mr. MACKENZIE (Vancouver): It must, because twelve is the total number arranged for.

Mr. STIRLING: These are not by any means all in being now, are they?

Mr. MACKENZIE (Vancouver): No, not all.

Mr. GREEN: Apparently a year from now we shall have only about seventy-eight modern fighting planes. Will any of these be available for the non-permanent air force?

Mr. MACKENZIE (Vancouver): Yes; it is hoped that we shall have not only trainers but also advanced trainers a little later.

Mr. GREEN: But will any of these modern service planes to which the minister has referred be available for the non-permanent squadron?

Mr. MACKENZIE (Vancouver): Yes. May I say further in reply to the hon. member for Yale (Mr. Stirling) that those which have been organized or are in process of organization are the following: No. 110, Toronto; No. 111, Vancouver; No. 112, Quebec; No. 113, Calgary; No. 115, fighter squadron, Montreal; No. 118, bomber squadron, Montreal; No. 119, Hamilton; No. 120, Regina; and No. 121, Quebec.

Mr. STIRLING: Are they complete with officers and other ranks?

Mr. MACKENZIE (Vancouver): Not altogether. Some just in process of organization.

Item agreed to.

Civil government air operations, $356,000.

Mr. STIRLING: These are operations for other departments?

Mr. MACKENZIE (Vancouver): Yes.

Mr. STIRLING: Have they increased in amount?

Mr. MACKENZIE (Vancouver): A decrease of $5,000 this year.

Mr. BARBER: Is it under this vote that the operations on the Pacific coast in connection with fisheries and forest fire control come?

Mr. MACKENZIE (Vancouver): No, this is mostly for photography, in the northwest part of the province.

Mr. STIRLING: What portion of this will be for surveying?

Mr. MACKENZIE (Vancouver): It is practically all for that purpose. The break-down is as follows:

Pay and allowances	$ 1,000
Stores and equipment	265,000
Aero gas and oil	47,000
Overhauling aircraft engines and equipment	25,000
Transport and travelling	10,000
Telephone, telegraph and postage	300
Sundries	7,700
	$356,000

Stores and equipment:

To provide for the replacement of one aircraft complete, which was destroyed by fire, with cameras and equipment	$ 85,000
To purchase two spare engines	19,500
To provide for purchase of air craft spares for recently purchased Delta aircraft	27,500
To defray balance due on four Delta aircraft	110,000
To purchase aircraft equipment for air survey purposes	9,000
Film required for photography	14,000

Mr. STIRLING: Do I understand that the requirements for topographic surveys are still furnished by the Department of National Defence?

Mr. MACKENZIE (Vancouver): Yes; we do the photographic work. I have a detailed description of the operations. The requirements of air survey take the Royal Canadian Air Force from coast to coast and from the United States boundary to the arctic circle, and the demand for new work is always greater than can possibly be accomplished. In 1937 the Royal Canadian Air Force detachment photographed from the air a total of 77,500 square miles. The photographic season is from the time the snow melts to the first snowfall of the following winter. Last year because the snow did not arrive until December the aircraft were kept on photography a month later than usual, with the result that the work which normally is done in the winter, such as overhauling aircraft engines and cameras, had to be hastened in order to get the aircraft out to their work in the west where the snow disappears earlier than in the east. Two aircraft are almost ready to leave for British Columbia—this was written on March 10—where they will be operating in Barclay sound on the west coast of Vancouver island. Two detachments, five aircraft in all, will be sent to the drought areas of Saskatchewan and Alberta when the snow leaves the ground. They will continue a detailed survey commenced last year until the ice breaks in the Great Slave lake area, when the detachment will change to floats in order to fly into the Yellowknife district. When the work there has been completed they will return to the prairies via lake Athabaska, where the opening up of a new mining area has created a demand for detailed maps. The fourth detachment of two aircraft will be located in Nova Scotia, and on completion of their work in that province they will be operating in Quebec in the Fort Coulonge area. In addition, another aircraft will be sent to photograph the Bruce peninsula. Although the program of operations has not been definitely decided by the committee appointed for this purpose, it is expected that it will require approximately 400 rolls of film and around 2,000 hours of flying time.

Mr. BARBER: Are some of these planes equipped with pontoons?

Mr. MACKENZIE (Vancouver): Yes.

Mr. BARBER: Do they use the air fields prepared by the Department of Transport?

Mr. MACKENZIE (Vancouver): Yes. They are really amphibian planes, in that they can be fitted with pontoons or wheels.

Item agreed to.

Mr. STEWART: Before the committee rises, may I ask whether item No. 180 is left standing? We desire to have one item left open upon which anything might be discussed, and No. 180, departmental administration, would appear to be the proper item.

Mr. MACKENZIE (Vancouver): That is the understanding. That item is not passed.

Mr. STEWART: And on that item—

Mr. MACKENZIE (Vancouver): Any question of defence policy may be discussed.

DEPARTMENT OF AGRICULTURE

Marketing services—Agricultural economics, $120,260.

Mr. SENN: I should like to take this opportunity of endorsing the suggestion made by the hon. member for Qu'Appelle (Mr. Perley) regarding some investigation of duplication in the collection of milk. He suggested to the minister that this branch might very well investigate the costly method of collecting milk which prevails in Saskatchewan. I believe such an investigation should be carried on in Ontario. The collection of farm produce is extremely costly, and must be dealt with before marketing can be successfully carried out. There is always a great deal of extra expense, because there is so much duplication. The same trucks travel up and down the same roads from day to day collecting milk, which adds greatly to the cost and, of course, affects the farmer's price. The department might very well undertake an investigation of this. The minister will perhaps say that there is not sufficient time for this branch to undertake all kinds of investigations. Frankly I do not think the vote is very large for this purpose. I believe research and the tabulation of statistics helps as much as anything that can be done to assist the farmer to market his products, and a larger sum might very well be spent when it could be so well utilized in investigations of this kind which should result in some benefit to agriculture.

There is provision for an assistant to the agricultural executive. What is the agricultural executive? This is another question that may bring out something in regard to the new set-up in the department. We are getting the information piecemeal, and there must be a great deal more information available with regard to this new set-up. If these estimates are to be discussed intelligently, we should have a thorough knowledge of the set-up of the department, what the new set-up means and how it is better adapted to the needs of the department and of agriculture generally.

Mr. GARDINER: As to whether or not there should be an investigation into the collection of milk, I think that is a subject which might very well be studied. As I said the other evening, usually these economic investigations are carried out in cooperation with the provinces. It will be understood that the gathering of milk is pretty much a local matter, certainly a provincial matter; but this branch is always available to carry out investigations that may be helpful, and as time goes on and money is made available for investigations of this kind, I am sure this branch will be prepared to give consideration to this matter.

The vote has been increased considerably this year, from $72,906.25 to $120,260. We realize that a considerable amount of this work can be done to advantage, and that is why the amount has been increased.

The position referred to, set out I think at page 55 of the estimates, has been established in the department for quite a number of years. It is the position occupied by Mr. Goddard.

Mr. SENN: What are his duties?

Mr. GARDINER: He is described as being in charge of general office administration, keeping a general check on office work in the economics branch.

Mr. THOMPSON: I notice a very considerable increase in this estimate, and I think some of that money could be spent to great advantage in examining the soil of different farms throughout the country. The use of fertilizers is just in its infancy in Ontario, and I believe a great work could be done by having farmers made acquainted with just what their soils require so that they might fertilize them accordingly.

Mr. GARDINER: I might point out that this would come under the vote for experimental farms rather than under this vote.

Item agreed to.

Fruit and vegetable products, including grants of $5,000 to the Canadian Horticultural council, $555,000.

Mr. STIRLING: Would the minister give an account of the expenditure of money for the purchase of fruit and vegetables for distribution in the drought areas? A certain quantity of these commodities was purchased by the department. The fruit grower in British Columbia was faced with a particularly difficult marketing situation this year. He had a large crop himself; in the United States there was a far larger crop than for many years past; there was an enormous increase in citrous fruit production, and then there was the slowing up of purchasing power. The Department of Agriculture intervened and purchased I think something like 140,000 boxes of apples at a time when that assistance was greatly appreciated. I also believe some 10,000 barrels of apples were purchased in Nova Scotia for the same purpose. I believe it would be of great interest to the committee if the minister would go into some detail with regard to the purchase of such fruits and vegetables for that purpose and describe where they were bought and in what quantities. I remember that the other day, when this matter was referred to, the minister said he had been able to obtain a better transportation rate from Nova Scotia than from British Columbia. I should like some further information and explanation in that regard.

Mr. GARDINER: As has been stated, last fall the department had $1,000,000 supplied to it for the purchase of surplus supplies of farm commodities in different parts of Canada outside the drought area for distribution within the drought area. There was purchased a quantity of cheese, beans, fish and vegetables, as well as a quantity of apples. At least two-thirds of the apples were purchased in British Columbia; the others came from Nova Scotia. I was scarcely correct the other night if I gave the impression that the cost per barrel in shipping was less from Nova Scotia than from British Columbia; but if we take distance into consideration, the cost was considerably less in connection with the apples that were shipped from Nova Scotia.

The price at which the apples were obtained in Nova Scotia was considerably less than the price paid in British Columbia, and there was a reason for that. In Nova Scotia last fall they had a very bad wind during the picking season, and there was a very heavy windfall of apples. As those who are familiar with the apple business know, the regulations of the department do not permit windfalls to be shipped out of Canada, no matter how good may be the condition of the apples. These apples were all gone over very carefully, and it was generally admitted that they were of practically as high quality as the apples that had been picked. They were obtained at a lower price, however, as a result of their being windfalls. That, together with the freight rate on the fruit from Nova Scotia, made it possible to deliver the apples in the drought area of Saskatchewan for less than we were able to deliver No. 1 apples from British Columbia.

Mr. STIRLING: Do I understand that the transportation companies met the minister in that regard and gave him any sort of special rate?

Mr. GARDINER: Yes; they gave us half rate on the apples from both provinces.

Mr. EDWARDS: That applied to vegetables also, did it not?

Mr. GARDINER: That applied to all vegetables shipped in. The basis upon which the railways have operated in connection with all these matters has been that where the products were given free and were delivered free, the railways have given free transportation. That is, where churches have gone out and collected food or clothing and it has been delivered free at the other end, the railways have donated the freight. In places where purchases have been made, they have given us a half rate. On all these commodities this was done. I have a list of the purchases made. It is a long one, and I do not suppose the hon. member wants it.

Mr. STIRLING: What are the purchases in the various provinces?

Mr. GARDINER: I have the carloads of shipments of different commodities. There are fifty-three carloads of cheese, thirty-five of dried beans, 101 of fish, 283 of fruit, practically all of which was apples. Of those, 183 carloads were shipped from British Columbia and 100 from Nova Scotia. There are 375 carloads of vegetables shipped chiefly from Ontario, Quebec, Manitoba and Alberta.

Mr. EDWARDS: Can the minister break down the figures in connection with the vegetable shipment, or is it a long list?

Mr. GARDINER: It is a long list, but I believe it can be broken down.

Mr. EDWARDS: Take it by districts, if you wish.

Mr. GARDINER: From the Quebec market gardeners' association there are seventy carloads of vegetables; from various growers, per J. L. Ferguson, Bradford, Ontario, sixty-nine cars; from the Pelham Vegetable Growers, Fenwick, Ontario, twelve cars; from various growers, per Rev. Father Baillargeon, La Salle, Ontario, five cars; from various growers, per W. Brillinger, Stouffville, Ontario, ten cars.

Mr. STIRLING: Are those purchases ?

Mr. GARDINER: Yes. From the Lambton growers' cooperative association, Sarnia, Ontario, four cars; from M. J. Smith, Chatham, five cars; from Claude Lockery, Thedford, Ontario, three cars; from the St. Claire vegetable association, Sarnia, two cars; from the Ontario vegetable growers' association, Islington, Ontario, twelve cars; from The Aldershot District Cooperative Limited, two cars, making a total of 194 cars.

Mr. EDWARDS: They are pretty well distributed.

Mr. GARDINER: Yes.

Mr. STIRLING: As regards the inspection service, to what extent does the revenue go towards meeting the expenditures? The inspection is compulsory so far as export is concerned, is it not? I believe that is true also with regard to interprovincial transactions. Besides that, there is the shipping point inspection which is asked for and paid for by the shipper. Would the minister break up the information by provinces, and show to what extent the shipper and grower pay for the facilities they receive?

Mr. GARDINER: The information I have will, with some further explanations, give the required answer. The cost to the fruit branch of the $3 inspection fee is, in British Columbia, $7.31; in Ontario, $10.12; in New Brunswick, $6.40; in Nova Scotia, $10.85, and in Prince Edward Island, $7.25. The average for Canada is $8.78.

Mr. STIRLING: That covers all the export and interprovincial, which is compulsory?

Mr. GARDINER: Yes.

Mr. STIRLING: Those cars cannot leave the country without that inspection?

Mr. GARDINER: That is true.

Mr. STIRLING: But the minister is not able to separate the shipping point inspections so as to show what is incorporated in the cost of the cars inspected for which the shipper pays.

Mr. GARDINER: These are exclusively the shipping point costs, with no costs from the standpoint of destination.

Mr. McGREGOR: Has the minister the unit prices paid of so much per bag or bushel at different points?

Mr. GARDINER: Does the hon. member mean the relief vegetables?

Mr. McGREGOR: Yes.

Mr. GARDINER: I have the prices for the same companies to which I referred a few moments ago.

Mr. McGREGOR: Were the prices the same at all points?

Mr. GARDINER: They vary somewhat with regard to different items. The prices with respect to the different items are as follows:

	Commodity—Price
Item No. 1—	Cabbage, $18 per ton.
	Beets, $15 per ton.
	Carrots, $15 per ton.
Item No. 2—	Cabbage, $15 per ton.
	Carrots, 50 cents per bag.
	Beets, 50 cents per bag.
	Parsnips, 65 cents per bag.
Item No. 3—	Beets, 50 cents per bag.
	Carrots, 50 cents per bag.
Item No. 4—	Carrots, 33 cents per bushel.
Item No. 5—	Cabbage, 65 cents per bag.
	Carrots, 50 cents per bag.
Item No. 6—	Carrots, 50 cents per bag.
Item No. 7—	Cabbage, 65 cents per bag.
Item No. 8—	Carrots, 50 cents per bag.
Item No. 9—	Carrots, 50 cents per bag.
Item No. 10—	Cabbage, 65 cents per bag.
	Carrots, 50 cents per bag.
Item No. 11—	Carrots, 50 cents per bag.
	Cabbage, 65 cents per bag.

Mr. McGREGOR: Is that the price paid the farmer or the shipper?

Mr. GARDINER: There were no shippers involved. They were all purchased from farmers or from organizations representing farmers.

Mr. PERLEY: How many officials in the department were employed in gathering these quantities of vegetables?

Mr. GARDINER: There was no extra staff at this end; it was all done by the regular staff. It was under Mr. Wheeler, who was in charge of the branch, and our regular inspectors made the inspections and carried out the work.

Mr. PERLEY: Did they receive offers from wholesalers to ship the fruit, vegetables, fish, beans and so on, before they undertook to gather them in this way?

Mr. GARDINER: Quotations were obtained from different vegetable and fruit marketing organizations, but it was thought advisable to purchase as directly as we could from those who had surpluses of these commodities. For example, down in the Holland marsh area, where it was not possible for the people to dispose of the vegetables grown there, we purchased a considerable amount. The main reason for not dealing with wholesalers at both ends was the fact that we were purchasing commodities which, in the ordinary course of events, would not have found their way into these homes. The individuals in the relief areas were supplied with schedules providing for a certain amount per month, which was covered by vouchers to the merchants. These vouchers covered those things which were considered to be absolute necessities. We have had considerable difficulty in the past, particularly in farm homes throughout the drought areas, because the merchants did not carry certain of these things. They had no opportunity to sell them, and the vouchers were not sufficient to permit of that kind of thing being purchased. We had in mind the idea of providing certain commodities that otherwise would not be purchased. In addition, we thought this provided an opportunity of placing these commodities in homes where they were not ordinarily consumed. We selected the best of these commodities. The best British Columbia apples were selected, the best cheese and the best cured fish was obtained. Many of these homes had not been large users of these commodities for many years. It was considered that this was money well spent for advertising. These commodities were being placed before the people of this area, and it was thought that they would be larger purchasers later on as a result of this being done.

Mr. PERLEY: Why did the department or the minister decide that in many places in Saskatchewan the distribution should be general? He just made the statement that these commodities were placed in homes where they were not generally used, but in many cases the distribution was general.

Mr. GARDINER: There was a general distribution to those who considered that they needed these supplies. There was no check up to the extent that deliveries were made only to those on relief. The first reason for this was the belief that many people could be kept off relief by having these additional supplies. I believe many did stay off relief as a result of having vegetables in their cellars and a little fish and cheese in their pantries. The other reason was advertising. These people were given these supplies as an advertisement. It was felt that they would not be shipped in at all if they were not shipped in in this way. The hon. member suggests that these supplies were delivered to everyone. There was a restriction placed against persons who were receiving regular salaries, such as bank managers and station agents. I dare say there were some exceptions, as is bound to happen in deliveries of this kind. However, those who felt themselves in need and who applied were given these supplies without too much check being made upon the situation existing in their homes.

Mr. PERLEY: I have not the correspondence with me at the moment as I did not expect we would reach this item, but I have letters from secretaries of municipalities enclosing copies of a letter that went out from Doctor Stapleford stating that there was to be a general distribution and that this suggestion came from the minister. I know of places where distribution was made to bankers, lawyers, butchers, hotel keepers and people of that sort. In some instances the people refused to accept the supplies. I should like to know how the minister arrived at the quantity required, even assuming that distribution was to be general. Just a minute ago the minister said that they had thirty-five carloads of beans. How did they arrive at that quantity? A grocer told me that was more beans than would be consumed in Saskatchewan in three years. I have also been told by a grocery firm that the prices paid for beans was in the neighbourhood of a dollar a sack more than the price for which they could have supplied them. Could the minister tell us what price was paid for beans, where they were gathered and how the quantity was arrived at? There are certain members who come from the districts in Ontario where beans are grown and they could compare the prices.

Mr. GARDINER: The beans were bought at $1.30 which was the lowest price that could be secured by anyone. The cost of shipping would be lower to the government than to a merchant because we were shipping in carload lots and at half rates. I do not think it would have been possible to supply the beans for a dollar less. The amounts supplied to a family of five were thirty pounds of cheese, thirty-three pounds of beans, one hundred and fifty pounds of apples, forty-four pounds of fish,

one hundred pounds of turnips and one hundred and fifty pounds of other vegetables. The cost was a little over $13 per family, which I do not think can be considered as high.

Mr. PERLEY: Where was the fish obtained? Could the minister give us a statement with respect to fish and beans similar to that which he gave with respect to vegetables?

Mr. GARDINER: The beans all came from various members of the Ontario bean producers' association. The fish purchases were as follows:

Zwicker and Company Limited, Lunenburg, salted cod, 168,000 pounds at 5½ cents.

W. C. Smith and Company Limited, Lunenburg, salted cod, 168,000 pounds at 5½ cents.

Adams and Knickle, Lunenburg, salted cod, 168,000 pounds at 5½ cents.

Mrs. Jean D. Lohnes, Lunenburg, salted cod, 100,800 pounds at 5½ cents.

Robin, Jones and Whitman, Lunenburg, salted cod, 67,200 pounds at 5½ cents.

Total, 672,000 pounds of salted cod.

Maritime National Fish Company, Halifax, chicken haddock, 6,000 boxes at $2.30 per 24 carton.

Halifax Fisheries Limited, Halifax, pollock, salted, 95,200 pounds at 3¼ cents.

W. and C. H. Mitchell, Limited, Halifax, 36,000 pounds pollock at 3¼ cents.

Barker-Eakins Company, Limited, Yarmouth, 100,800 pounds of pollock at 3¼ cents.

Robin, Jones and Whitman, Halifax, 91,600 pounds at 3¼ cents.

Rowlings Limited, Halifax, 44,800 pounds at 3¼ cents.

A. M. Smith and Company, Halifax, 302,400 pounds at 3¼ cents.

Total, 670,800 pounds of pollock secured in Halifax at 3¼ cents.

B. Connors Fish Company, Saint John, chicken haddie, 4,000 boxes at $2.25 per 24 carton.

Connor Brothers, fish dealers, Black's Harbour, herring in tomato sauce, 10,000 boxes at $3.80 per 48 carton.

Grand Manan Smoked Herring Board, St. Andrews, smoked herring, 26,332 boxes at 62 cents a box.

Mr. BARBER: Has the minister the figures for Prince Rupert and other points in British Columbia?

Mr. GARDINER: No. We bought apples altogether from British Columbia. I might add that there is a list here of about fourteen individuals from whom we secured smaller amounts of pollock, salted, at three cents.

Mr. QUELCH: I had an experience similar to that of the hon. member for Qu'Appelle. I found that in certain areas these foods were distributed without regard to whether people needed them. I made a protest, and the answer I received was that the federal regulations did not state whether or not a person had to be in need in order to receive the food. The reason I protested was that in the marginal areas adjacent to the federal drought area there was a great deal of distress, and apparently the people in that area were not eligible for the distribution of these supplies. I protested, and the answer I received was that the people outside the federal drought area, no matter how much distress there might be, were not eligible for the distribution of this food.

Mr. GARDINER: There was some difficulty at the beginning, and complaints came in from the area immediately adjacent to what was known as the federal drought area where we were taking care of the people 100 per cent. An attempt was made to take care of that situation by inducing the voluntary committee to make their distributions in the area outside rather than inside the federal area. There was some difficulty experienced in having that done because there were instances where people had expressed the desire to have their carload go to a particular section, and of course where any desire was expressed to have a car that was being sent gratis to western Canada distributed in a certain place, that was done. There were other instances of church organizations having directed cars to certain places, and it was impossible to change their destination. But we tried so to distribute the voluntary relief that was given as to assist those round about the federal area to greater advantage than those who were being assisted inside that area. We depended entirely on the local authorities to make the distribution, and I would say that in 90 per cent of the cases at any rate the distribution was carried out in the very best possible manner. In other cases there may have been some misunderstanding on the part of the local authorities as to just what was to be done with the commodities, and there might have been some distribution made where probably, if we had restricted them by regulation, distribution would not have been made; but I do not think any great harm was done or any great loss sustained as a result. I think it will be found that most people, as was stated by the hon. member for Qu'Appelle (Mr. Perley), who did not feel they were entitled to the goods did not take them. That was the case over the greater part of the area.

Mr. HAYHURST: Was any part of the fruit and vegetables that were supplied by charitable organizations distributed in the federal area?

Mr. GARDINER: In Alberta the provincial authorities asked us not to make any distribution of vegetables because they had sufficient vegetables to take care of the situation in the federal area in that province, but there was a certain section that was taken into the federal area in Alberta by special arrangement with the province. We had selected forty-two municipalities that we thought should go into the federal area. They made representations to the effect that there should be fifty-three. We questioned that, and a compromise was arrived at, the amount of the cash grant to the Alberta government to take care of the area outside the federal area being cut in two. When it came to the distribution of the food we suggested, in the first instance, that we would confine the distribution to forty-two municipalities. They proposed that they would make a distribution of vegetables over the whole area provided we covered the complete area with the other commodities, and that was done.

Mr. BAKER: Does the minister consider that all this great quantity of food was essential out there, and that it was well used, or was a large quantity not required and therefore wasted?

Mr. GARDINER: I think anyone who has been through that area would agree that there was very little food wasted in that area this year. There were more people going short of food than wasting any food in the drought area last winter.

Mr. BROOKS: Was any distribution of potatoes made?

Mr. GARDINER: Yes, by the provincial government, and for that reason we did not make any distribution of potatoes.

Mr. BROOKS: Where were the potatoes obtained?

Mr. GARDINER: Pretty much from western Canada, although some were obtained as far east as Fort William, some from the newer part of western Ontario, also from Manitoba, and, I assume, from Alberta and British Columbia.

Mr. BROOKS: There were a great many potatoes sent out there from New Brunswick, and I was wondering if any were purchased from New Brunswick.

Mr. GARDINER: We did not make these purchases. I would not be absolutely certain, but I do not think they went as far east as New Brunswick to purchase potatoes. I think there were sufficient supplies in Manitoba and closer to the area, and therefore there would not be so much freight to pay on them.

Mr. PERLEY: I am not complaining at all of the distribution because I think it was a splendid thing and the right thing to do. It not only gave relief to those in Saskatchewan who needed it, but made it possible to help those in eastern Canada who had fruits and vegetables for sale. What I was complaining of particularly was that in the distribution certain people did get fruit and vegetables who did not need them, and the consequence was that those who could have done with a little more did not get it. I have before me a letter which states that the distribution in this particular locality was three-fifths of a box of apples to each person, fifteen pounds of carrots and fourteen pounds of cabbage. It says nothing about potatoes. If that was the only distribution, it would not be a very large quantity of apples for the individual, and the distribution would be less because of people getting these supplies who did not need them. The minister admits, I suppose, having approved that system of distribution, because the letter from Doctor Stapleford says that it is the special request of the minister that everyone should participate and the populations of the municipality and of the urban centres within the municipality are given to make sure that the supplies could be divided accordingly, so that each one would share in them. When the minister is replying he might also give us the parties from whom they collected the beans and also the fish.

Mr. GARDINER: I just gave information about the fish and the beans.

Mr. PERLEY: I had reference to the cheese.

Mr. GARDINER: I do not think it has been sent to us yet, but we have a complete list of all the people who got these supplies. When we sent out the supplies we arranged with every person who obtained the apples, when the apples were shipped first, to sign an application for them, to state the number of persons in each family, and to sign for the amount they obtained. The last report that I had before the office was closed up was that they had returns from every municipality regarding the apples, with one exception, and they expected to have that one in within a few days, before the office was closed. I have not inquired since if that one report was in, but the others are. It was intended that there

should be a full sign-up on all the other commodities in addition to the apples. They got the list of persons to whom they supplied the fish, beans, cheese and other commodities from the first list of apples shipped. The apples had to be shipped before frost. We got a complete list, and knew from that list what to ship into each municipality to supply individuals. The letter which was sent out, and which, as indicated by the hon. member for Qu'Appelle, was of a general nature, went to rural municipalities. But the instructions which went to the urban centres, that is the villages and towns within the area, indicated that not more than seventy-five per cent of the population was to be supplied. It was indicated clearly at that time that those who were to be left out were persons who were on salaries and were getting along about as well as if the drought had not existed, because they were being paid practically the same salaries as before. It was ordered that those people were to be left out of the distribution, and I am quite sure that the instruction was carried out over the greater part of the area, because I had quite a number of letters from different places complaining that it had been carried out.

The statement as issued under date of March 10 to the department at Ottawa contains this sentence.

> In answer to question twelve, the goods were distributed not only to those on relief but also to practically all farmers, on the basis that many who were not on relief were suffering even more than those who had accepted relief. To the smaller towns and villages supplies were sent on the basis of seventy-five per cent of the population; that is, it was assumed that in the towns and villages twenty-five per cent of the people would not require the supplies.

That is the answer, I think, which the hon. member for Qu'Appelle himself received on the list of questions given.

Mr. STIRLING: Has the minister any record of the enormous quantities which were given besides those to which he has referred? Added up together from the various parts of Canada, there must have been an enormous number of carloads of gifts, in the form of food as well as clothing, that went in for distribution through the area.

Mr. GARDINER: We had complete statements made up. I am speaking from memory when I say that I think the number that was shipped voluntarily this year was about 1,200 cars.

Mr. PERLEY: The minister might explain why these cars were all billed to Regina. Is that the centre from which the carload lots were distributed?

Mr. McNIVEN: The fish, cheese and beans?

Mr. PERLEY: Well, were not the vegetables shipped there and then transhipped again, rebilled?

Mr. GARDINER: The apples were shipped directly to the point and unloaded there. Of course, they had to move cars from one point to another; there might be a car and a half required at one particular point, and then a half car would go on to the next point. Vegetables were handled in very much the same way. The fruit and vegetables had to be got out before the frost, and were distributed to the local points. In so far as cheese, beans and fish were concerned, it was seldom that a carload of any one of them was required at any one point. Those were shipped to Regina, unloaded and repacked in cars in the quantities required at each point, then reshipped to that point and distributed there.

Mr. PERLEY: The idea I had was that when there were fifty-three carloads of cheese and 101 carloads of fish, they might have been shipped, or some of them, directly to points like Weyburn and Swift Current and there distributed, instead of being unloaded at Regina and reshipped or parcelled. Some of the cheese, I understand, was cut into smaller parcels at Regina. I thought they might have had some system of billing in transit like they have for flour, and so on. Possibly that would have saved freight because local freight would be charged from Regina to other points. A great deal of it could have been shipped to and handled at the larger centres like Weyburn and Swift Current.

Mr. GARDINER: This was all inquired into at the time. The man we had in charge was a gentleman who had previously been in charge of Simpson's mail order business. We secured the assistance, by loan from the Canadian National Railways, of a freight man, and from the Canadian Pacific Railway, of another freight man.

Mr. ROWE (Dufferin-Simcoe): And special freight rates.

Mr. GARDINER: Yes. These officials took charge of the whole administration and distribution. I think it is generally admitted that a very good job was made of the distribution itself.

Mr. PERLEY: How many warehouses, apart from the railway companies' warehouses, were used in Regina for distributing this stuff?

Mr. GARDINER: I understand only one warehouse was used in Regina. I would not be absolutely certain of that, but I think there was only the one.

The CHAIRMAN: Carried?

Mr. PERLEY: No; it is not carried, Mr. Chairman.

Item stands.

Progress reported.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

Tuesday, May 17, 1938

The house met at three o'clock.

STANDING COMMITTEES

MISCELLANEOUS PRIVATE BILLS—RAILWAYS, CANALS AND TELEGRAPH LINES—CHANGES IN PERSONNEL

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

That the name of Mr. Mulock be substituted for that of Mr. Chevrier on the select standing committee on miscellaneous private bills.

That the name of Mr. Chevrier be substituted for that of Mr. Mulock on the select standing committee on railways, canals and telegraph lines.

Motion agreed to.

EXPORT RATE ON FLOUR

INQUIRY AS TO MEASURE TO BE MADE EFFECTIVE BY RAILWAYS ON JUNE 6

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I should like to make an inquiry of the Minister of Transport (Mr. Howe). Representations have been made to me by certain milling interests in my constituency that on June 6 next the export rate on winter wheat flour is being increased by the Canadian Pacific and Canadian National railways by approximately 6 cents per barrel. They further say that Australian flour is competing very strongly with our product in the West Indies at present and that in the interests of the wheat producing farmers and millers in Ontario no further handicap should be placed upon their efforts to compete successfully in outside markets. Will the minister kindly take up with the railways the question raised, with a view to having the export rates remain as they are?

[Mr. Gardiner.]

Hon. C. D. HOWE (Minister of Transport): I have no knowledge of the proposed increase in rates, but I may say that it is not the function of the minister to take up with the railways matters of rates. I would suggest that whoever made representations to my hon. friend should themselves take up with the railways the matter of export rates.

TRANS-CANADA AIR LINES

DELAY IN DELIVERY OF LOCKHEED TRANSPORT PLANES AND QUESTION OF SALES TO JAPAN

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I should like to direct a question to the government, and I am sorry that I was unable to give longer notice of it. Will the government make a statement regarding the alleged delay in the delivery of aeroplanes for the Winnipeg-Toronto-Montreal service on account of the Lockheed Aircraft Corporation of Canada having accepted a contract for the delivery of thirty of their planes to the Japanese government, including several allegedly already commenced for delivery to our service; and will the government assure the house that no licence will be issued for the export of such planes to Japan?

Hon. C. D. HOWE (Minister of Transport): In reply to my hon. friend's question may I say that Canada does not manufacture planes of the standard transport type. The order for the requirements of Trans-Canada Air Lines was therefore placed in the United States, with the company that manufactures practically all the requirements in that regard for this continent. Our deliveries have been delayed, as I presume all deliveries have been delayed in connection with planes of this type. I have no knowledge that exports to Japan have anything to do with it. However, if they have, it is a matter between the government of the United States and Japan.

DOMINION-PROVINCIAL RELATIONS

REQUEST FOR TABLING OF LIST OF BRIEFS SUBMITTED TO ROWELL COMMISSION

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): May I ask the right hon. Minister of Justice (Mr. Lapointe) if his department keeps a memorandum of the various briefs submitted to the Rowell commission; and,

if so, if it would be possible for him to table to-morrow a list of the briefs submitted to that commission each day since it commenced its work?

Right Hon. ERNEST LAPOINTE (Minister of Justice): Copies of a number of briefs have been sent to the department, but I do not think anything could be tabled—if anything at all could be tabled by the Department of Justice—until the work of the commission is completed.

Mr. POULIOT: I will write to the right hon. gentleman in that regard.

ANTICOSTI ISLAND

PROSPECTIVE SALE TO FOREIGN INTERESTS—STRATEGIC AND DIPLOMATIC CONSIDERATIONS

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, according to the Montreal Star, at the annual meeting of the Consolidated Paper Corporation the president, Mr. L. J. Belnap, referred to the prospective sale of Anticosti Island to parties in Holland who several months ago had secured an option. Several months ago a group of German technicians had made a careful survey of the island, and it is suspected that this is the group that secured the option. Be that as it may, is it in the general interest that the ownership or control of this island should pass into the control of a foreign company? It would seem that important strategic and diplomatic considerations are involved.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, may I say to the hon. member that the government is aware of the importance of the island from the point of view to which he has made reference, and different departments of the government have been making inquiries concerning the situation. I believe the interests of the country are being fully safeguarded in the matter as it stands at the present time, and the situation will continue to be watched.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF AGRICULTURE

Fruit and vegetable products, including grant of $5,000 to the Canadian Horticultural Council, $555,000.

Mr. STEWART: Mr. Chairman, when the house adjourned last night the item had been discussed at considerable length. One is struck by the large proportion of the vote which is allotted to salaries, namely $414,000 odd.

The details of the vote indicate that there are 137 inspectors, and provision for their salaries is made in the item. While one does not desire in any way to curtail or limit reasonable and necessary expenditures for the promotion of agriculture, and while one realizes that distances are great and that there are other circumstances which must be considered, yet it would appear that this is a large number of inspectors for one branch. We hear a great deal in these days about the excessive costs of government, and we hear the charge that there is too much overlapping. In other branches of the Department of Agriculture as well there are many inspectors. Does not the minister think that the efforts of the inspectors in the different branches could be coordinated and some saving effected in this respect? Is it necessary to have this large number of inspectors in one branch? Could not their work be consolidated with that of other inspectors, or could not the inspectors in this branch take on the work of those in other branches?

Travelling expenses must be heavy, and it seems to me that to a certain extent these inspectors must be crossing and recrossing each others' trails. What provinces are undertaking the same kind of work? Is there any duplication or overlapping in the provincial and federal services? How many of the inspectors are assigned to each province, district, or whatever the division is termed? Answers to these questions are important in view of the undoubted and widespread contention that the cost of government is excessive, and that there is duplication and overlapping. I repeat that I do not wish in any way to limit the number of officials who take part in the promotion of the necessary work of the department or who are required to assist in the development of a great industry. But this is not a new subject in the house. Year after year we have heard statements about the very large number of inspectors and the amount of money expended in these services. There is a suggestion of duplication and overlapping, and there would seem to be a necessity for consolidation and economy.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Chairman, the question raised by the hon. member for Leeds (Mr. Stewart) is a proper one. The total estimate for the branch is $555,000. The earnings of inspectors are approximately $125,000, leaving a net amount of about $430,000 voted to cover entire expenses over and above earnings.

There are 42 inspectors in Prince Edward Island, 43 in New Brunswick, 88 in Nova Scotia, 92 in British Columbia and 77 in western Ontario. Those are the sections in which the greater part of the fruit and vegetables are produced. Not all the inspectors are on full time; a considerable number of them are seasonal employees who work only during the season when inspections are being made and the crop is harvested.

The question whether this work can be done more cheaply by preventing overlapping through the use of inspectors from other services is one that might stand some consideration. However, I am sure it will be realized that inspectors who are inspecting fruit would be expected to be familiar with the growing, packing and marketing of fruit. I believe it has been considered by those who have been in charge of the department in days gone by that it is better to have this service performed seasonally by people who are familiar with the industry than to use inspectors who might be employed throughout the year and used for one purpose at one time and for another purpose at another. Which would be the least costly I am not prepared to say at the moment, but I am inclined to think that the best service can be obtained by using men who are familiar with the particular work when they are required.

As far as staff is concerned, the figures do not indicate any great increase in staff for inspection purposes. There were 14 senior fruit and vegetable inspectors last year, and the figure for this year is the same. There were 20 supervising fruit and vegetable inspectors last year, and the figure for this year is 22, an increase of two. There were three fruit and vegetable inspectors, grade 2, last year, and the number is the same this year. There were 13 fruit and vegetable inspectors, grade 1, last year, and 13 this year. There were 82 fruit and vegetable inspectors, grade 1, seasonal, last year, with the same number this year.

Mr. STEWART: There is one part of the minister's answer that suggests further inquiry. What is the reason for the large number of inspectors in Prince Edward Island?

Mr. GARDINER: Principally because of the large production of potatoes and turnips in that province. These products are shipped either to other parts of Canada or to other countries.

Mr. STEWART: Are there any inspectors in Ontario?

Mr. GARDINER: There are 77 in western Ontario alone.

[Mr. Gardiner.]

Mr. LANDERYOU: Are any new orchards being planted in the various fruit growing areas of Canada?

Mr. GARDINER: There is no pronounced expansion in the planting of fruit trees at the present time, but the usual replacement planting is being carried on.

Mr. BARBER: Would this vote cover inspectors at the experimental farms who deal with the diseases of vegetables and fruits?

Mr. GARDINER: None of this inspection is done through the experimental farms.

Mr. BARBER: But there is some carried on at the experimental farms?

Mr. GARDINER: Only the certified seed potato inspection, and the work having to do with diseases.

Mr. CLARK (Essex): I agree with the minister that this inspection service is very important to the fruit and vegetable industry. The other night the hon. member for Peel (Mr. Graydon) referred to the lack of statistics in connection with this industry. If hon. members had proper statistics before them they would appreciate the value of this production. I believe that this industry is worth $150,000,000 to the Dominion of Canada. A grant of $5,000 to the Canadian Horticultural Council is included in this vote. I believe at one time this grant was either $8,000 or $9,000. No other organization of producers covers the country so completely as this one. It is performing a great work, and I submit the minister should consider the granting of more assistance to this organization than is provided for in this item.

Mr. GRAYDON: May I just supplement the remarks made by the hon. member for Essex South (Mr. Clark) with respect to statistics in connection with the vegetable industry. I dealt with this matter the other night for a moment or two under another item, but I should like to ask the minister at this time if any move has been made recently to provide a complete picture of the entire vegetable industry. If so, could he give us the details?

Mr. GARDINER: The gathering of statistics of this kind is done by the bureau of statistics under the Department of Trade and Commerce. We give them all the assistance we possibly can in that regard. I do not believe there is anything of an exceptional nature under way at the present time.

In reply to the hon. member for Essex South (Mr. Clark) I would point out that down to 1931-32 the grant to the horticultural association was $8,000. In 1932-33 the grant was reduced to $5,000, which, with the deduction of

ten per cent in effect at that time, made the net grant $4,500. The deduction has been restored and the grant is now $5,000. There was first a ten per cent deduction, then a five per cent deduction and it is now $5,000 even. The matter of giving further assistance has been under consideration, but we did not think it possible to increase the grant this year.

Mr. LANDERYOU: There are certain fruit growing areas in Ontario which have difficulty in marketing their production on account of the lateness of their seasons. Is there any way in which the department assists in the marketing of these fruits that come along so late?

Mr. GARDINER: Some assistance has been given in Ontario, particularly to those sections producing grapes and peaches. This assistance was in the form of advertising last fall when the fruit was coming on with a rush. The provincial authorities cooperated with us in that and I think it is generally recognized that good results were obtained. The fruit was got rid of in great volume and to better advantage than in previous years.

Mr. LANDERYOU: Are there any other areas in Canada that have this difficulty because of the season?

Mr. GARDINER: Every section of Canada has its own peculiar disadvantage in connection with fruit growing. We are so far north that our fruit comes in a little later than the fruits in the United States.

Mr. LANDERYOU: I was not referring particularly to the United States; I was interested in the districts in Canada.

Mr. GARDINER: That is where the comparison is made. There is difficulty in Canada because we are so far north and our fruit comes on a little later. Sometimes there is difficulty in getting rid of a large crop, but we pay attention to all parts of Canada equally.

Mr. DAMUDE: I concur in the remarks of the hon. member for Peel (Mr. Graydon) with respect to the inspection of fruit as applying to the Niagara district, which I have the honour to represent. I am pleased to note that the minister has under consideration increasing the grant to the horticultural council, which has done splendid work. The amount of $5,000 is very small to take care of a work which is national in its scope.

Mr. MacLEAN (Prince): As the committee knows, there are two branches of the service, the fruit and vegetable inspectors, who take care of the inspection of table stock potatoes and fruit shipments and vegetables, and the plant disease investigators, who take care of seed potato inspection. I understand that these two branches of the service are being amalgamated, or are to be administered under the one head, and I should like the minister to give the committee some information as to what the lay-out will be in the future and who will be the head of the branch. I understand that the table stock and fruit and vegetable inspectors have always received higher pay than the members of the other branch of the service. But to my way of thinking a plant disease investigator has to be a very much more competent man, and the head of the service in the different provinces has to be a university graduate who has had years of training for his position. It would seem to me, therefore, that the two branches of the service should be on a par so far as remuneration is concerned.

Mr. GARDINER: I understand, Mr. Chairman, that there has been a reclassification of the positions concerned, but there is no bringing together of the two services. I understood the objection of my hon. friend was to an amalgamation of these services, but that is not being done. One group is provided for under this vote, and the other group under production.

Mr. LANDERYOU: I have received a number of complaints from fruit growers in the Nelson area of British Columbia against the tremendous cost of shipping their fruit into Alberta. Has the government considered subsidizing in any way the shipments of fruit from that area going into Alberta?

Mr. GARDINER: There is a question, of course, whether the people of the Nelson district are any further away from certain sections of Alberta than those of the Okanagan and other fruit growing districts of the province. The government has not considered bonusing the shipment of fruit from that area.

Mr. LANDERYOU: One fruit grower told me that he had shipped fruit from Nelson to New Zealand or Australia and made a little money on it, but on another shipment to Calgary he lost money because the freight was more than the value of the fruit.

Mr. SPENCE: That has always been the case.

Mr. GRAYDON: While we are discussing advertising, which the minister mentioned a few moments ago in connection with the fruits and vegetables of Ontario and other provinces, may I draw his attention to the reported vote by congress during the latter part of 1937 of

$2,000,000 for the fruit and vegetable industry and other branches of agriculture in the United States, which I think may have its effects upon Canada so far as the marketing of their products in this country is concerned.

We have been experiencing, as the minister well knows, a great influx of citrus fruits from the United States during the last decade and longer. No matter what we may hear with respect to the matter, I have no doubt at all that these imported citrus fruits do displace some of our home grown fresh fruits. It is very difficult to understand any reasoning to the contrary. We permit the importation of oranges and other types of citrus fruits, and while our consuming population must have them, at the same time I think we should meet that competition by a well-organized advertising campaign in favour of our own fresh fruits and vegetables. I should like the government to give its earnest consideration to a new type of advertising for our fresh fruits and fresh vegetables. There is nothing better in the whole world, from the standpoint either of health or of deliciousness, than our own fresh fruit and vegetables, and they should have an early claim on any government expenditure and in the framing of government policy with respect to advertising. Growers' associations in many parts of the United States have for many years been conducting intensive advertising campaigns for the marketing of citrus fruits in Canada, and I think their efforts should be met without any further delay by a campaign on behalf of our own growers.

As the member for Essex South (Mr. Clark) said, one who has not made a detailed and comprehensive study of the fruit and vegetable industry in Canada is apt to consider it as somewhat of an orphan industry, but actually it is one of our great agricultural industries and is growing rapidly. I trust the minister will consider taking advantage of this opportunity to assist so far as may be possible by dominion grants in the promotion of a great scheme of advertising and marketing of our fresh fruits and fresh vegetables. I make that suggestion to the minister knowing his sympathetic interest, as expressed the other night, with the growers in different parts of Canada, and I should like to have a statement from him as to what he thinks might be done along these lines.

Mr. GARDINER: I wonder if the hon. member would permit me to defer my statement until we get to item 12, which has to do with marketing.

Mr. LANDERYOU: I agree with what the hon. member for Peel has just said. I believe in an advertising campaign—

[Mr. Graydon.]

Mr. GARDINER: Might I then suggest, if my hon. friend agrees with him, that we leave the discussion of that until we reach item 12, which has to do with marketing and advertising?

Mr. LANDERYOU: I do not necessarily agree that advertising alone will solve the problem I have in mind, but rather subsidies by the government of the shipment of fruit from British Columbia.

Mr. GARDINER: That has all to do with marketing, Mr. Chairman, and I would ask the hon. member to discusss it on the other item.

Mr. TUSTIN: In the second report on marketing which we received the other day, there is a paragraph on page 10, paragraph 4, which reads as follows:

> The seed of a particularly promising new variety of tomato has been purchased. It has been distributed among canners throughout Canada who have undertaken to have the crop produced and processed under the supervision of the Department of Agriculture.

I would ask the minister what companies have been asked to cooperate in this scheme, and in what parts of the country the demonstration is taking place.

Mr. GARDINER: We purchased a small amount of this seed for investigational purposes, which encouraged others to purchase larger amounts, and there has been a general distribution through the two activities. Much of the work is being carried on by the canners themselves.

Mr. TUSTIN: What companies have the seed which has been purchased by the department, and in what part of the country have these experiments been carried on?

Mr. GARDINER: The department has the seed which has been purchased by the government, and is experimenting with it. The companies are purchasing seed and having it distributed among their customers.

Mr. TUSTIN: Is this experimentation being done by the department at the experimental farms?

Mr. GARDINER: Yes.

Mr. TUSTIN: It says here that the canners are carrying on under supervision of the department.

Mr. GARDINER: The canners are carrying it on jointly, with the seed they purchased, as the result of this experiment which has been arranged by the department.

Mr. TUSTIN: Could the minister give us any idea in what part of the country this experiment has been carried on?

Mr. GARDINER: It is altogether in Ontario. As a matter of fact it is starting this year.

Mr. TUSTIN: I am particularly interested in this item. The minister said a few minutes ago that more canned vegetables and fruits were grown and processed in three provinces, two in the eastern part of the country and one in the west. In the constituency which I have the honour to represent there are more vegetables processed than in any other part of the country. Last year the territory from Napanee, Ontario, on the east, to Peterborough on the west, produced approximately fifty per cent of all the vegetables canned in Canada. Not only that, but approximately fifty per cent of all the exports to foreign countries took place from that territory. There is an abundance of tomatoes grown and processed in those two counties which I represent, and I was deeply interested when I read this item that seed had been purchased. I thought that the department may have looked up the county of Prince Edward, which produces more tomatoes than any other county in Canada and has an ideal soil for their production. If this experiment is to be continued there certainly should be a demonstration lot in that county in order that the canners in that part of the country may benefit by the production of this kind of tomato.

Mr. SENN: I should like to second what the hon. member (Mr. Tustin) has been saying with regard to the new variety of tomato which is being introduced into Canada. The canners themselves, I believe, are alive to the situation. They have been making a study of what is required in the British market, and I believe that it is the small tomato which is most popular there; when it goes into the can it does not break up as our present-day product does. I have an idea that the canners themselves, rather than the Department of Agriculture, are largely responsible for what is being undertaken. However, that is aside from what I wanted to mention to the minister at this time.

The packaging and grading of fruit and vegetables are a very important part of the work of this department. Not only should these products be properly packaged and graded but they should be consistent in quality. Too often we hear that different packs of fruit and vegetables from different orchards and localities, though both graded number one, are not alike in grade and in quality. In my opinion, contrary to what has been said by some hon. members this afternoon, not only have we not too many inspectors but perhaps we have not enough. In regard to the grading of tomatoes, which I understand has been undertaken to a certain extent at the canning factories: when the price spreads commission was investigating certain matters, one of the complaints that were made was that the farmers were not always satisfied with the grade which was given them when they brought their tomatoes in wagon lots and truck loads to the canning factory. I think that arrangements have been made to have government graders at different times and in different places at these factories to see that the grade is properly given, but it would be a good thing if we could have at each of the canning factories where tomatoes are coming in in large lots, just during the canning season, government graders all the time to see that the farmers get the grade to which they are entitled, that they have not to accept the grade which comes from the canning factory owners themselves. Even if it is the fair grade some people may be inclined to think they are not getting a square deal. To make sure that they do, is, I think, in the interest not only of the farmer but also of the canner. I should like to know what the department is doing in this respect. I understand that action is being taken. How far has the work proceeded?

Mr. GARDINER: In so far as the matter of grades is concerned, and some showing a little better classification under the grade than others, all that a government grade can do is set a minimum that each one must reach who gets into that grade; there is no way in which a government can or would desire to prevent someone from classifying above that grade. That is, some persons who are desirous perhaps of reaching a certain market may put a better grade of commodity into a certain pack, and call it No. 1, than another person may put into his, but still the lower pack may be above the minimum of the grade. Of course that depends a good deal on the market which the individual is trying to serve, or, perhaps, the way in which he thinks he can best benefit himself by making the pack.

In connection with the matter of full time inspection in certain plants, the government has been and is prepared to supply government inspectors to plants for full time service, provided the plants are prepared to pay the costs. A certain number of plants are willing to do that. They do not pay the inspectors; they remunerate the government for the cost. The inspector is a government official, paid by the government and not by a company. That has been done and can be done under the system now in operation. But the government has not found it possible—largely be-

cause of some of the criticism we have heard, even in the house during these estimates, to the effect that we have too many inspectors on the road now,—to meet the wishes of both groups, those who think we should have enough for full time inspection in all factories, and those who think that we have too many of them going the rounds. We try to compromise by saying that where persons are prepared to meet the expense we are prepared to give the service for full time, otherwise they take the same service as anyone else gets.

Mr. SENN: I am glad to know the department has gone as far as the minister says in furnishing inspectors when they are paid for by the canning factories themselves, but that does not answer the criticism of the farmer. The farmer is the man who thinks he is not being justly treated, and I believe that in justice to the farmer himself something should be done even to make it compulsory that canning factories in their operations, as a condition of getting their licences, should employ government inspectors full time. Not only are they thereby protecting the farmers' interests but they are safeguarding themselves from criticism. I do not believe anybody will criticize a government inspector who is there doing the best work that he can. Frankly speaking, I do not think we have too many inspectors engaged in the grading and inspection of our packaged products. If we are to continue to enter the foreign markets we must put up the best product we can, and that product must be uniform in grade and quality. In spite of what the minister has said about certain shippers who put up products which are above the grade, it seems to me that we should have, particularly for grade 1, the very highest possible quality if we are to compete successfully in the markets of the world, particularly in Great Britain. The minister would be well advised before another fall comes around to make provision that in all these large canning factories and institutions under licence, one of the conditions of getting the licence should be to have a government inspector to look after the grading of the farmers' products.

Mr. GRAYDON: There is a feeling among the growers—perhaps in some instances there is not a great deal of justification for it—that there is a lack of cooperation between the Department of Agriculture and the Department of National Revenue as regards the time at which the dumping duties are placed upon various imported fruits and vegetables, particularly vegetables. I think it is only right to bring the matter to the attention of the minister. I do not wish to be unduly critical because I can quite appreciate the difficulties that face both departments. It is my desire to be extremely fair in this connection. As someone has very aptly said, however, with respect to the importation of vegetables, time is of the essence of the whole matter, and a few days' difference in the application of the dumping regulations may mean either success or failure to the Canadian grower. In the main, perhaps, not a great deal of criticism can be offered, but this year certain complaints did reach me as representative of one of the great vegetable-growing sections of central Ontario that the dumping duty on asparagus was perhaps a little late going on. I want to pass that complaint on to the minister, because from now on I think there should be a more careful survey of the production end of the industry and a note made of the exact time when the crop is ready for marketing here.

I repeat, I do not wish to be particularly critical of these two departments, but I want to voice the feeling that I have heard on many occasions and to point out to the minister how very essential it is that the dumping duties be applied at the right time and not seven or eight days too late, as some have suggested that, in certain instances in the past, they have been. I should like the minister to assure the committee that steps will be taken to see that no recurrence of this sort of criticism will be possible in the future.

Mr. CLARK (Essex): Before the minister replies to the hon. member for Peel (Mr. Graydon) I would ask him to look carefully over the applications made during the past three years and compare them with those of the previous five years. If he does so he will find that there has been wonderful cooperation between the two departments mentioned in order to achieve the results that we have seen in the past three years.

Mr. GRAYDON: I did not expect my remarks to bring the hon. member to his feet quite so quickly, though I know what a great interest he takes in the growers there. I hasten to assure the minister that I was not attempting to compare the work of different governments; in fact, I am not interested in any such comparison, no matter how good either of them may have been in their time. I am simply trying as a humble representative of a vegetable growing section to see that the minister takes proper steps to safeguard the interests of the growers in the future. What I am interested in is the future, not the past.

Mr. GARDINER: The question under discussion is really one for the Department of National Revenue. The dumping duties are put on through that department and the dates are finally determined by them. They simply seek information from our inspectors who are about the country and act upon it as they see fit. I may tell the hon. gentleman that there is the closest cooperation between the two departments.

Mr. GRAYDON: I am glad to have that assurance from the minister, because my criticism was directed largely towards safeguarding the future of the industry itself.

Another matter to which I wish to call the minister's attention is the purchase of vegetables for shipment to western Canada last fall. In bringing this matter up I have no animus towards any part of Ontario, but I would point out that there were some districts that seemed to receive a little more attention from the government's purchasing department than others. Perhaps there is a very good reason for this, but in any event when the vegetables were purchased in the latter part of September last I looked into the distribution of them. I was interested to know just how the purchases were made up. I found that during that time there were shipped from Ontario to the drought-stricken area of western Canada some 267 carloads. That appears in a return to an order of the house dated February 18, 1938 and it may be seen in sessional paper No. 139. The total spent among the vegetable growing districts in Ontario was $56,000. I think it was an excellent idea to relieve the congested areas as far as possible of surplus vegetables which we had in various parts of the province at that time. No one will attempt to criticize that. Moreover, the scheme of transporting these surplus vegetables and utilizing them for the benefit of western Canada, which was in such an unfortunate condition, is one that can be highly commended, though the distribution of the purchases is not equally commendable. For instance, in the purchases, from the Holland marsh area there were 69 carloads, and from the county of Peel there were only four carloads.

I can assure the committee that this comparison does not in any way indicate the respective characteristics of the two counties from the standpoint of their ability to produce vegetables. I quite realize, as I presume everyone else does, the plight of the people in the Holland marsh district. I do not intend to suggest that there was discrimination, but I do suggest that the minister might have done quite a lot better for the county of Peel and still perhaps have kept up his good work on behalf of the Holland marsh district, because in the county of York, outside the Holland marsh area, eighteen carloads were taken on that occasion, as compared with four from the county of Peel. The county I represent—I believe my figures are correct—is either third or fourth in the production of vegetables in Ontario. I hope that we shall never be faced with the same unfortunate situation again, but I would ask the minister to give the county of Peel a little better treatment than he did last fall and, should it be necessary to make similar purchases, to see that they are made on a basis more equitable to our growers. I offer this criticism only for the purpose of calling the minister's attention to the difference in the number of carloads that were purchased. Perhaps the minister has a suitable explanation. If so, I shall be glad to hear from him.

Mr. MULOCK: My hon. friend from Peel (Mr. Graydon) does not entirely approve of the number of cars of vegetables bought in the Holland marsh district. There was a very large production of vegetables in that district, and I believe that the hon. member for Dufferin-Simcoe (Mr. Rowe) will substantiate that statement. The people there were having difficulty in getting rid of their vegetables at a price that would give them any profit after paying their costs of production. I entirely disagree with the hon. member for Peel on this point and I want to congratulate the Minister of Agriculture not only on the scheme he put into effect but on the way it was carried out and on the cooperation the growers in that district received from the officials of his department. I also congratulate the department upon having purchased direct from the growers instead of dealing through any middlemen, thus ensuring to the producer the full results of his labour. On behalf of the vegetable growers of Holland Landing I want to express our appreciation of the kindness and efficiency of the department in connection with this service.

Mr. SPENCE: The hon. member for York North (Mr. Mulock) said he was glad these vegetables were bought from the individual growers of Holland Landing. I am not opposing the purchase of these vegetables, because if they had not been purchased by the government the growers would have received nothing at all for their stuff; it was simply rotting away, and it was a godsend for Holland Landing and my good friend from York North that this did happen. But I notice that the Toronto papers gave credit

to the hon. member and to the member of the local legislature for having influenced the minister in order to get him to come there and buy the stuff in Holland Landing. And I should like to ask the minister if he did pay the individual farmers for their stuff, or if he did not appoint an agent to buy the stuff for him. What is the use of making statements like that? No government would go around the country paying individual farmers for the stuff they put in the cars; it is always done through an agent.

I am not going to condemn this government for the wrong things they have done any more than I would condemn any other government, but in the past the governments have not put on the seasonal tariff soon enough or have taken it off too soon. The hon. member for Peel has said that previously the government removed the embargo or seasonal tariff on asparagus too soon or did not take it off soon enough; our own stuff was coming on the market and the influx of American vegetables was ruining the price. That has happened every year, no matter what government has been in power. You go to the Department of Agriculture and they say the Department of National Revenue puts on or takes off the tariff or embargo. You go to the Department of National Revenue and they say, "We do not do it; we do as we are told by the Department of Agriculture." Then you go back to the Department of Agriculture and they say, "We take our information from the horticultural council," and there is no responsibility anywhere. That is the whole trouble; there is no one who knows his job, either in this department, in the horticultural council or in the Department of National Revenue; there is no one to say when the seasonal tariff should be either put on or taken off, and they never listen to anyone who does know anything about it.

The hon. member for Leeds (Mr. Stewart) mentioned the fact that we had 137 fruit and vegetable inspectors. Then the Minister of Agriculture comes along and says there are 42 inspectors in Prince Edward Island, 88 in Nova Scotia, 43 in New Brunswick, 92 in British Columbia and 77 in Ontario. Can anyone tell me what justification there is for having 42 inspectors in Prince Edward Island?

Mr. GARDINER: Just part time.

Mr. SPENCE: They are just chasing each other around the island, that is all, doing nothing at all. I am just as fond of Prince Edward Island as anyone else, and the growers there are to be congratulated because they need practically no inspectors at all. Their packing and grading are so perfect that they have made markets for themselves in all parts of the world, and as long as they continue to pack and grade in this way they will never lose those markets. I think 14 inspectors would be sufficient for the whole island. Then you have 43 inspectors in New Brunswick. What do they inspect? You have 88 inspectors in Nova Scotia. What is there but a few apples down in the Annapolis valley? I will say they need some inspectors to watch them, because as yet they have not learned to pack an honest package. They need a little education there in regard to packing. Some hon. members may differ with me, but I know what I am talking about. I have shipped their products to the old country, and the result was not as good as it might have been; it was not very satisfactory. Nova Scotia has 88 inspectors. Can anyone say that 88 inspectors are justified there? What can they be doing?

In British Columbia there are 92 inspectors, and there they grow a great many commodities that are not produced in the other provinces. But they have learned a little more honesty in the last few years than was formerly the case. I can remember when it was difficult to get anything honest from British Columbia, but to-day their apples, tomatoes and many other products are coming in honestly packed, and reflecting credit upon the country. To-day their apples are taking the place of apples from Oregon and Washington in the United States because of their honest packing, but they were forced to do it; they could not get a market until they did. You cannot make farmers honest; if they do not want to be honest the inspectors cannot force them to be, and no one can find a market except by shipping an honest package, it does not matter how many inspectors you have on the job. Then you have only 77 inspectors for Ontario, a province which I think grows more fruit and vegetables than any other province in Canada.

Mr. McIVOR: They do not need to be watched.

Mr. SPENCE: No; the packing situation in Ontario is not very good either. We have had a great deal of nonsense in Ontario, but I must say that the packing of the fruit growers in Ontario has improved wonderfully in recent years. They are putting up splendid, honest packages of peaches and other commodities in the Niagara district, which are satisfying the public, but they did not do that until they were forced to it.

Mr. MULOCK: How about apples?

Mr. SPENCE: They are not so well graded in Ontario as in British Columbia; they are more on a par with Nova Scotia. I could mention individuals who have large orchards in Ontario who are grading splendidly, but I am sorry to say that does not apply to the whole province. They do not believe in grading; for instance, you cannot get Ontario to grade potatoes at all. Some two or three years ago the county of Simcoe tried to force the potato growers to grade their potatoes and stamp them showing that they came from that county, but the attempt was not very successful. My hon. friend from Peel thinks his county is the best in the country; it is a very good county, and I know it very well. They grow a large quantity of good stuff, but they also grow some bad stuff. They have some honest packers and some who are not so good. The situation in regard to the grading of potatoes in Ontario is a crime. If in Ontario potatoes were graded as they are in Prince Edward Island, properly inspected and properly graded; if the best commercial grades were planted, as in Prince Edward Island, Irish cobblers and green mountains, they would keep Prince Edward Island potatoes out of Ontario entirely. In place of that last winter I saw Prince Edward Island potatoes selling for $1 and $1.10 a bag, while Ontario potatoes were selling for 50 cents. The bad condition has been drawn to the attention of the potato growers again and again, but they shovel everything into the bags—potatoes broken at the ends; potatoes broken by the implements used to dig them up; small ones and large ones, hollow ones and everything else. What we need is a little education along this line in Ontario, and I hope we will get it.

Then you start the marketing board, at great cost to the country. I hate to talk about that, because it was the biggest mess ever started in this country. How could a bunch of young fellows, without any experience whatever, knowing nothing about ports throughout the country, not knowing where to find a market for anything, come into the department and expect to market successfully our product as against men who have had twenty-five, thirty-five and forty years of experience? Yet the advice the minister gets is all from young, innocent kids around the department who know nothing about it. Then you bring a professor from the college at Kingston—no, I did not say the penitentiary—and make him deputy minister. He may be the most able man in the world; he must be very highly educated and all that, but still he lacks the experience he needs for the marketing of anything, no matter what it is. It is a pity the government interferes so much in business. That is what is ruining the United States to-day. That is what is ruining this country, and what is making conditions so bad. We are interfering too much with business people. To-day there is no encouragement for a man with means at his disposal to put it into anything because he is afraid of the government stealing it from him. We could restore this country to a normal condition much faster if we kept our hands out of other people's business, and gave some encouragement to the man who has money to invest. He feels now that if he makes an investment we will steal it from him.

But I am getting away from the subject of fruit and vegetables. When I say there are too many inspectors of all kinds I could go on to a discussion of entomology, and refer to a bunch of fellows who are going around the country picking up bugs here and there off nursery stock received from foreign countries, and particularly from Holland. The shippers in Holland are as particular to-day as are the people in Canada—I believe they are even more particular. Their only market is their export market. They have to be very sure that the stuff is properly inspected, and it is carefully watched before it comes here. Yet we have an army of inspectors who go all over Canada making inspection. They will pick up an evergreen and stand for half an hour turning a leaf back and forth looking for a bug, but they would not find one in fifty years. I have been importing stuff from Holland for twenty years, including evergreens, fancy trees and shrubs of all kinds, and yet I have never had trouble with them. The insects are killed by fumigation. In Holland everything that is exported is fumigated. Even the moss which is packed around the roots is fumigated and sterilized. They cannot afford to lose their market, and if they did not pack properly they would lose it.

These inspectors are decent fellows, and one could not say an unkind word to any of them. They always have a kind answer for one. In that respect they are like the secretary of the civil service commission. You can write to him a thousand times and you will get a thousand letters back, each letter increasing in length. First you will get half a page, next almost a whole page and then you will get three pages. They are the most complete business letters you ever saw, but if you ever got anything out of them in your life I never did. The Department of Agriculture is the same.

Then, there is other extravagance in the Department of Agriculture. The minister must know more about it than he professes

to know. To my mind he is not stupid; in fact I think he is alert. If he were managing a job for himself he would make more examinations than he is making. He accepts all these increases in salary, increases amounting to $28,000. This country is no more prosperous to-day than it was ten years ago; people are no better off. How much money have you in your pocket to-day? What did you have ten years ago? Yet we have all these increases. Why should we have the increases? It is a pity the government do not economize and carry on their business in a businesslike fashion. I am not condemning any individual minister. But I will guarantee that if they were placed in a business of their own they would not manage it the way they manage the business of the country.

I have asked the minister if the department dealt with individual farmers when it bought stuff at Holland Landing, or did it appoint an agent who bought the stuff or looked it over.

Mr. GARDINER: I think the hon. member for York North (Mr. Mulock) is going to answer. I shall answer afterwards.

Mr. SPENCE: I know something about it.

Mr. MULOCK: I am sorry if I said anything during my remarks which hurt the hon. member for Parkdale—

Mr. SPENCE: It will not hurt me a bit.

Mr. MULOCK: My understanding of the matter was that the government sent cheques directly to every person from whom they bought; but no doubt the minister will be able to make a statement on that point, and he will correct me if I am wrong.

Mr. SPENCE: Who put the price on? Did you? Why did you not engage someone who knew something about values and who could put a fair price on the articles?

Mr. MULOCK: I thought the hon. member was objecting to the government spending the money and using the dominion inspectors.

Mr. SPENCE: I am not criticizing the government for buying the stuff at Holland Landing, because it was a godsend that they did buy it. But you did not need to take so much credit for it—you and the hon. gentleman who represents York North in the local house. You took great care that the papers were full of it so that it would help you out. That kind of stuff is no good, politically.

Mr. GARDINER: The people in the Holland marsh area asked a price which they obtained, one which was a little lower than the prevailing price at the time.

[Mr. Spence.]

Mr. SPENCE: It could be no lower than the prevailing price, because the stuff was worth nothing.

Mr. GARDINER: I quite agree that the stuff would have been worth practically nothing if the government had not taken that great surplus out of the Holland marsh and the district round about.

Mr. SPENCE: That is correct.

Mr. GARDINER: The county of Peel, which is just adjacent, benefited by the fact that the great surplus was taken out. These people themselves suggested a price which appeared to be reasonable to the department, and the department paid it. The cheques went directly to the individuals as they loaded the cars. One man was placed in charge at the cars to take delivery of the vegetables, and to see that they were properly packed. He was provided by the growers themselves, and not by the government. Our inspectors were there to see that the vegetables were of a proper type when put into the cars.

Perhaps this may not be the proper item on which to discuss the matter which has been under debate, but as we have returned from time to time to a discussion of the shipments of fruits, vegetables and other products to the drought area, it might be well if I were to read the full statement with regard to these purchases of commodities, so that everyone may read it in Hansard. It is as follows:

Owing to suffering throughout a large part of Saskatchewan and a portion of eastern Alberta which became most acute in the year 1937, due to continued crop failures, and also owing to the fact that there were large surpluses of foodstuffs in the eastern provinces which promised to glut the market and thus cause distress among the farmers by lack of an opportunity to sell their products or to sell only at ruinous prices, the dominion government decided to purchase certain food supplies and send to the farmers of the stricken areas of the west.

Supplies were purchased under governor general's warrant, P.C. 2422, chiefly in the maritime provinces, Quebec, Ontario, Manitoba and British Columbia. By agreement between the federal government and the government of the province of Saskatchewan certain 177 rural municipalities and local improvement districts in the province of Saskatchewan were designated as the areas which had suffered most from the crop failures of the past eight years and hence were entitled to share in this special distribution of food supplies.

Similarly, by agreement between the federal government and the government of the province of Alberta certain 50 rural municipalities and local improvement districts in Alberta were designated to share in this special distribution. The Dominion Department of Agriculture issued instructions as to the allotment of the supplies on the basis of five to a family. The instruc-

tions were as follows: 30 pounds of cheese; 33 pounds of beans; 150 pounds of apples; 44 pounds of fish; 100 pounds of turnips and 150 pounds of other vegetables.

These instructions were followed as closely as possible. A total of 285 cars of apples, 142 cars of turnips, 242 cars of cabbage, carrots, parsnips and beets and 220 cars of assorted fish, cheese and beans (these latter 200 cars being reshipped ex Regina after being warehoused and repacked) were shipped to their various destinations by this office.

Population figures for the rural areas and for the incorporated towns and villages were secured through the provincial governments and later checked and verified by the local municipalities. The carloads were broken down to the nearest eighth part to fill the requirements for each municipality or district. The cars of apples and vegetables were spotted direct to their destination. The cars containing fish, cheese and beans were all spotted for Regina where the contents were warehoused, repacked into suitable size for distribution and then reshipped to their ultimate destination. This involved a great deal of warehouse space. At one time as many as sixty-six men were engaged in the task of preparing the fish, cheese and beans for distribution to 73,450 homes.

The weather was favourable, especially during the weeks that the apples and vegetables were being handled. Only two carloads, one a refrigerator car and one a box car, both containing carrots, were partially destroyed by frost. From each of these cars from one-quarter to three-eighths was saved for human consumption, the balance of the two cars being distributed for cattle feed.

Only two cases of demurrage at railway points were reported, both being for one day duration.

Only two complaints were received as to shortage in cars which could be chargeable to the shippers. Particulars of these cases were immediately reported to the Department of Agriculture, Ottawa. Two complaints were also received with regard to the quality of the commodity, one being with respect to two barrels of apples from Nova Scotia and the other that the dried fish was unfit for use. This latter complaint, upon investigation, was found due to the fact that the complainant did not know how to prepare the food for the table. From every municipality and district without exception have come reports of the excellent quality of the supplies furnished.

The recipes sent by the Dominion Department of Agriculture as to the best way of preparing fish, cheese and beans for the table were greatly appreciated and added much to the value of the foodstuffs provided by the government.

The responsibility of distributing the supplies throughout the towns, villages and rural municipalities was placed upon the shoulders of the secretary-treasurers, reeves and councillors and the overseers of the towns. They measured up to a very difficult task and discharged their duties in a fair and efficient manner. No one who had a right to be served was purposely overlooked. It is no small task to divide the contents of 879 carloads of food supplies among 367,250 people over wide and often thinly populated areas to the satisfaction of all. Very few complaints have come in and adjustments were made when found necessary. Special mention should be made of the work of the secretary-treasurers of the rural municipalities. Upon them fell the work of directing the task of distribution. Immediately upon allotment of cars or parts of cars the municipal secretaries were reached by telephone. This was considered in the best interests of distribution since the prairie winter weather was close at hand, and also in order that information should be relayed throughout the districts concerned to insure the quickest possible delivery to the people. It was decided that mailing of instructions was too uncertain since this entire movement of freight was not going on regular schedule but by special trains which were being routed on all lines at all times. Telephoning also ensured that instructions as to forwarding parts of cars from one municipality to another were properly understood and any points regarding any of the work about which officials were in doubt could be fully explained.

The railroads gave the best of service. Special mention should be made of the fine cooperation given by Mr. W. J. Anderson, district freight agent of the Canadian Pacific Railway and by Mr. R. E. Johnston, district freight agent of the Canadian National Railways. They did everything in their power to assist in the smooth working of the plans for speedy distribution.

The supplies sent out by the federal government have been greatly appreciated by the people who received them. We have a large file of letters which have been sent to us from ratepayers' associations, congregations of churches, community clubs and individuals expressing their appreciation and sincere thanks. Frequently the high quality of the foodstuffs is referred to and also the fairness of distribution made by the municipal councils.

I have the costs of distribution down to the date of this report if they are of interest to hon. members.

Mr. ROWE (Dufferin-Simcoe): The statement just read by the minister deals more with relief. He did not say anything more with reference to the purchase of vegetables in the Holland marsh district. Who was in charge in that district?

Mr. GARDINER: A man by the name of Ferguson was in charge of the loading for the growers.

An hon. MEMBER: Howard Ferguson?

Mr. GARDINER: I do not think it was Howard Ferguson.

Mr. ROWE (Dufferin-Simcoe): Who acted for the growers? Probably the hon. member for York North (Mr. Mulock) could tell me.

Mr. MULOCK: I am sorry, but I did not hear the hon. member's question.

Mr. GARDINER: Mr. Ferguson acted for the growers and Mr. Wheeler, who is here at the moment, and one of our inspectors, acted for the department.

Mr. ROWE (Dufferin-Simcoe): I understood the minister to say that the growers selected one of their own men to represent them.

Mr. GARDINER: I am not sure where Mr. Ferguson lives, but he represented the growers.

Mr. ROWE (Dufferin-Simcoe): I understood the minister to say that the purchases were made from individual farmers and not from the cooperative organization.

Mr. GARDINER: The purchases were made direct from the individuals. Mr. Ferguson and our inspector tallied everything that was delivered into the cars and the individuals received departmental cheques.

Mr. ROWE (Dufferin-Simcoe): Mr. Ferguson is one of the growers?

Mr. GARDINER: Yes.

Mr. PERLEY: The minister has just read to us a very detailed statement, and I think it was proper that that statement should have been given at this time. I am not complaining about the manner in which the distribution took place, apart from the complaints I made yesterday in connection with the distribution having been general. I should like to ask the minister if the department made any effort to secure any vegetables last year in the northern part of Saskatchewan. They had a bountiful harvest of vegetables in that part of the province and I understand that certain municipalities offered to collect several carloads for distribution in the southern part. I should like to know also if any effort was made to obtain fish from the northern part of the province. It is well known that the lakes in the north are teeming with fish and there was a part of the season when any fish caught could have been kept frozen. While I am on my feet I may as well ask another question I had in mind. The statement just read by the minister referred to certain demurrage having been paid in Regina. Perhaps this could have been avoided.

The minister also mentioned that Doctor Stapleford had been employed to superintend the distribution. I wonder if it would be possible for him to give the committee the correspondence that took place with Doctor Stapleford in connection with his employment. Earlier in the session we were told that this gentleman was receiving $500 a month and expenses to carry on this work. When the people of Saskatchewan found that out there was considerable criticism. I do not think the public generally knew that this gentleman was receiving that amount for doing this work. For many years Doctor Stapleford had received a salary from Regina college and the church to which he belonged. Later on he was employed by the university. I understand he was then retired on superannuation and had accepted a position as assistant principal of a college in Ontario. I should like to know why it was thought necessary to employ Doctor Stapleford to do this work. I have no doubt that there were 500 people in Saskatchewan who would have done this work voluntarily, or at least for a dollar a day and expenses. The minister has stated that the distribution was made in 177 rural municipalities. The mayors of these municipalities gave of their services freely. The clergy in the towns also gave their services free, and in view of all the work that was done voluntarily I think it was an outrage that this man should have been employed to do the work at that salary. The members of the relief commission under the late government gave their services free. It was managed by Mr. Daniel and consisted of four or five business men, one or two from the city of Regina, one from Moose Jaw, and a farm woman, who also gave her services free except for her expenses while in Regina. The whole commission gave their services practically free except for the expenses they incurred for travelling and the like. Then consider that this work under this government was done by a man who was paid $500 a month! I would like to have the correspondence relating to his appointment, and a statement from the minister as to why it was necessary to employ this man, who was drawing a superannuation allowance, and as well I believe an annuity from the university of Saskatchewan.

Mr. GARDINER: Mr. Chairman, I have here a list of the questions asked by the hon. member for Qu'Appelle (Mr. Perley) some time ago. They appeared to begin with in the form of a question on the order paper, which was later converted into an order for return, and that return was brought down for the hon. member and gives him all the information he has just asked for. I do not think I should be required to read it all to the committee.

Mr. PERLEY: It does not give the correspondence, or the reason why no one else could have been employed at a lower remuneration.

Mr. GARDINER: I shall answer my hon. friend's question with regard to the person appointed. So far as correspondence is concerned, I do not think there was any correspondence in engaging him. I interviewed him personally in Toronto; later he came to Ottawa where he had another interview. He discussed the matter with officials in the department before going west, and was given full instructions how to proceed. He also discussed with them the matter of purchases at this end.

So far as Doctor Stapleford himself is concerned, many members both in the east and in the west know him personally, and I do not need to make any apologies for him. He is known to leading business men from one end of Canada to the other, and everyone who knows him will acknowledge him to be not only one of the foremost educationalists—one important eastern university has just engaged him for a very important financial task—but also a man who for directing the business side of an institution is one of the best we have in Canada; and he has been recognized as such in all parts of Canada.

The only reason he was leaving Saskatchewan was that the church college, which had been operated in Regina for many years, and is one of the best educational institutions in the western provinces, was taken over by the university of Saskatchewan and is now being operated under the president of that university. The church did not desire to continue with it longer; when it was taken over by the university Doctor Stapleford found that his duties there were not in exact accordance with his desires, and he later was offered the position he now occupies with Victoria university in Toronto. He was a graduate of that institution and was taken back there to do work in connection with the financial side of their set-up.

The churches had been doing a great deal of work on a voluntary basis in connection with the distribution of food sent from eastern Canada to western Canada. On a number of occasions I had had discussions with the head of the United church, the superintendent of missions of the United church, and representatives of other churches in regard to the matter. I discussed with them this particular distribution in its relation to their distribution before we undertook it. Throughout the discussions which took place between those who were interested in the distribution of their own products and myself as interested in the distribution to be made by the Department of Agriculture, we were in agreement that there was no better man in Canada to do the job and no man whose appointment would be more acceptable to the people generally than Doctor Stapleford.

It might be suggested that he should have done this work for a lower salary than was paid him, and there might be some justification for that view were it not for the fact that that was the lesser of the two jobs that he had to do. Doctor Stapleford was asked to take over these duties and see to the co-ordinating of the work of this organization with that of the voluntary organizations, and he was asked at the same time to make a complete report to the government of Canada upon the giving of relief in western Canada dating back as far as governments have been giving relief. When the late government started their relief activities in 1930 or 1931 I venture to say they were in much the same position as that in which we found ourselves when we took over the government in 1935, that no authentic information on relief distribution was to be had anywhere. Unless you searched the files of municipal, provincial and federal departments of government from one end to the other in order to find out, there was no authentic information available upon which to base any action in connection with the handling of relief in these different areas. An expenditure of $8,700,000 was made in 1914-15 alone, and since Doctor Stapleford has been at the task of compiling in one volume all the information with regard to past distributions of relief I have found that in common with every other public speaker who has been delivering addresses in western Canada I have been making misstatements in regard to the distribution of relief. I looked up all the information I could find upon it in certain departments and I gave that information to the public, but when I had the complete information in my hands I found I have been giving some information that was not correct.

I think every member of this committee will agree, since apparently we are going to have these periods of drought in western Canada, that it is essential that we should have available an authentic report of what has taken place in the distribution of relief from away back in the eighties down to the present, so that the information may be available when one of these difficult periods recurs. Doctor Stapleford has performed that task. He has placed in the hands of the government a complete report in so far as it could be found in the records of departments and of governments either at Ottawa or in western Canada, of all the activities of municipal, provincial and federal governments and relief organizations, voluntary and otherwise, in regard to the handling of the problem particularly of giving direct relief to the people of western Canada.

Mr. COLDWELL: May I ask if that report is available?

Mr. GARDINER: I have read the report myself and it is being read by officials of the department. It is not available in printed form at the present time, and it has not yet been determined whether it will be printed.

Mr. COLDWELL: Could mimeographed copies be provided for the members of this house?

Mr. GARDINER: Not at the moment. It has just been turned over to us in the last week or so.

Mr. COLDWELL: Could that be done some time?

Mr. GARDINER: I think eventually, yes, but I have yet to bring before the government what we shall finally do with the report. But it has been compiled. It gives maps of the different areas, and the different amounts expended by different governments. All this information has been compiled in one volume, which will be available to those who have to do this job in the future, whether five or ten years from now or at some other time. That was the task Doctor Stapleford was really paid for at the time he was engaged to do the work. He was not certain what his future activities were going to be, and it was expected he would take until June or July of this year to complete the work. Some time during the winter Victoria college was very anxious to have him take over the duties which they had offered him previously and they suggested that they desired him to take them over on, I believe, the first of April. He was anxious to wind up the work by that time, and we engaged an assistant for him, at about half the amount he was obtaining himself, to act with him during the last six weeks of his activities in order to wind up the work by the end of March. That report has been made. all of which is part of the work done by Doctor Stapleford.

Mr. PERLEY: Would the minister answer the first two questions, with respect to the purchase of vegetables and fish?

Mr. GARDINER: In so far as the purchase of vegetables in western Canada is concerned, I believe we purchased about thirty-nine cars, mostly in Manitoba, a few in Alberta, and I am not sure that a few were not purchased in Saskatchewan, but they were very few. The first reason why we bought so few in Saskatchewan is that there were not many vegetables in that province. We had almost the most complete crop failure in Saskatchewan last year that we ever had; and while we speak of the 170 municipalities referred to as the "hundred per cent drought area," it does not by any means cover the whole drought area of the province in that year. The drought area extended right up into the northern section, and though certain municipalities had a surplus of vegetables, it also happened that alongside of them were municipalities which had to get vegetables. We did not think it fair to go into the northern area where there might be a surplus in a comparatively small district, and compete with some municipality alongside it in purchasing vegetables required by those individuals. In other words the policy was to go into districts where there were surpluses which might be a drug on the market, and purchase them and distribute them in the drought areas.

As far as the fish are concerned, if the desire was only to take fish out of the lakes and freeze them, we probably would not have had to go up into the northern area. My hon. friend knows that the Qu'Appelle lakes, alongside my farm and his own, are full of fish.

Mr. PERLEY: And lots of men there.

Mr. GARDINER: There are, of course, men there who can and do fish, and who fished last year and sold fish as they had done previously. I venture to say that smoked fish—salted cod and that sort of thing—does not enter into competition very actively with fresh fish in areas where fresh fish is easily available, but it nevertheless forms the basis of a diet which is very healthful; and in better times, when these people who last year were eating dried cod and smoked herring for the first time in their lives are looking for some tasty food, they will probably go down to the maritimes to get it. That is one of the reasons we took the action we did.

Mr. PERLEY: I cannot agree altogether with what the minister has said, particularly his statement that there was no authentic information available to the government in respect of relief matters and distribution. The commission which was appointed by the previous government and operated until 1934 had before them everything in great detail with respect to population, the conditions of the population, the condition of the areas, and they had had four years' experience—one or two of them almost, although I admit not quite, as bad as the present.

An hon. MEMBER: They made an awful mess of it.

Mr. PERLEY: That information was available. During that period there was not a single charge against that commission of misappropriation of funds or maladministration in connection with the distribution of relief. When the minister says that Doctor Stapleford was about the only man available in Canada to do this work, I do not think hon. members will be disposed to agree. True enough, he had been principal of Regina college, and no doubt he made a very good

job of that. His principal work was to get funds in order to keep the college going. He was an adept at that. I was one who was tapped occasionally for considerable amounts by way of subscription; no doubt the minister was too. When Doctor Stapleford came around it was pretty hard to put him off. I admit he made a success of that kind of work, but I believe there were a great many people in Saskatchewan, men with business experience, who could have done this work at considerably less salary. I should like the minister to tell us just what superannuation he is drawing, also whether he received an annuity from the university or from the government of Saskatchewan when he was retired from the university. I think that the fact that he was drawing these amounts was sufficient, and that he should not have been considered when many other men in Saskatchewan needed the work and could have done it just as well.

Mention has been made of the work that he was carrying on by way of an inquiry. The minister states that his work is completed and the report is in the minister's hands. I think that report should be tabled. I have here a questionnaire that he sent out. It relates to the problems of rural relief; I might say that he distributed it to a great many people in Saskatchewan. All members of parliament, provincial and federal, got copies. The first question is:

> To what extent has the economic distress of the past few years in the rural area of your constituency affected the morale (1) of individuals, (2) of the community as a whole?

Then it goes on:

> To what extent is relief as at present administered breaking down the morale of the recipient of relief?

Mr. GARDINER: I am sure that the hon. member does not want to misrepresent the facts. That was not a questionnaire which went to every person; that was the questionnaire which went to the members. Various questionnaires went to doctors, ministers, members of parliament, school-teachers and so on.

Mr. PERLEY: I was coming to that. I mentioned that it went to both federal and provincial members. I think that when we compare the effect of the distribution of relief upon the morale of the citizens under the present system with what took place in the previous four years, the citizens of Saskatchewan can safely be left to judge the result. I believe that the morale of citizens who have been forced to accept relief under this set-up has been more seriously affected than was that of those who had to accept relief from 1930 to 1934.

Mr. COLDWELL: I was going to ask the minister if the salt fish was cod fish. Maritime people have told me that some of the fish sent out to western Canada was not cod, and that that was the reason for some of the difficulties, that it was a lower grade fish which they call pollock. I do not think it was pollock such as we knew in the old land, because we did not salt it, but they call it pollock, and some people from the maritimes have told me that that was a cause of dissatisfaction, and that this fish is not cod.

Mr. GARDINER: The list I read last evening answers, I think, the hon. member's question—that we purchased a certain amount of cod at 5½ cents and a certain amount of pollock at 3 to 3¾ cents, and it is acknowledged that pollock is not as good a fish as cod. In the process of distribution an attempt was made to give some of each to each family, but that could not be carried all the way through; it was not possible to give every family exactly the same type of fish. But where one person was given pollock and another cod, it would probably be found that the person who got the pollock had some canned herring and chicken haddock or something of that kind put in as well.

Mr. COLDWELL: The only point is that so far as advertising the fish of the maritimes is concerned, I am afraid it was not very well advertised by the pollock.

Mr. GARDINER: I think the fact that only two complaints came in is a good indication that whatever was sent was pretty well advertised.

Mr. COLDWELL: Probably they did not write in, but I was in the west recently, and I heard some interesting stories and more interesting remarks about the salt fish.

Mr. PERLEY: Would the minister answer my question with respect to superannuation?

Mr. GARDINER: The hon. member for Qu'Appelle has asked me about the superannuation which was allowed to Doctor Stapleford. All I can say is that I do not know anything about it.

Mr. PERLEY: That does not answer the second question.

Mr. GARDINER: It answers it as far as I am concerned. I do not think it is any of the business of the government whether Doctor Stapleford is getting a superannuation allowance from some other concern or not. We did not hire him because he was getting superannuation or was not getting it. We hired him because we thought he could do the job.

Mr. DEACHMAN: What progress has been made in developing a market in Canada for sweet cider? I understand that at present there are some shipments of sweet cider to England, and I wondered whether any progress had been made in developing a market at home. I have a pleasant recollection of cider, and I should like to see the market extended. Another question: Has there been any development in Canada in connection with a product called powdered apple? I tried to get some information in this connection, but I could not find anything. Perhaps the minister can tell me something about it.

Mr. GARDINER: There is no literature in Canada which we can find with regard to the powdered apple industry, or the preservation of apples by that means, but inquiries are being made. The process is being experimented with in Germany, but nothing has been done in Canada. As regards sweet cider there has been some activity in the experimental farms branch. I believe it has to do with the same question raised a few moments ago by the hon. member for Peel. I agree with what has been said, that we in Canada could well afford to pay more attention than we have done to advertising with a view to developing our own fruit industry. I see no reason why apple juice in certain forms could not be put on our tables as readily as tomato juice or orange juice or other juices that are consumed. After all, however, it will be found that while the United States as a government, is doing a good deal of advertising of commodities, the main activities were carried out by the people in the industry, the orange people themselves. The activities were carried out by them in the early stages. All that a government can be expected to do is to show the way. Our vote No. 12 for marketing is $200,000 this year as against $350,000 last year, but it should not be regarded as a reduction. It means that for that particular part of the work we have $200,000 as compared with $350,000 last year. This year, part of the $350,000 has been distributed through the reorganization of the department. The $200,000 will compare fairly favourably with even the $2,000,000 voted in the United States when you take into consideration the population in the two countries, and the comparative revenues.

Mr. GRAYDON: In the latter part of 1937 or early in 1938 great sections of the growers of Ontario and other parts of Canada became alarmed over rumours which were then prevalent with regard to changes that were being made in the protection afforded the vegetable and fruit men in the proposed new agreements to be entered into between the United States and Canada. The tariff board in 1933 made certain recommendations in answer to an application from the fruit and vegetable growers of Canada. The findings were, in part, that the applicants had made out a case in favour of preserving for the Canadian producer during his growing season a market in the section of the country which he is able to supply. Since the last changes in the agreement between the United States and Canada, which went into effect on January 1, 1936—I am only speaking from memory in this connection, but I think I am right—the increase in general imports from the United States was 33⅓ per cent, whereas the increase in imported vegetables was something like 53 per cent.

The CHAIRMAN: I must call the hon. member to order. The committee is not now discussing the tariff, and I would ask him to confine his remarks to the item under consideration.

Mr. GRAYDON: This item has to do with fruit and vegetables, and I thought I might be given a little latitude in order to bring out this point. The fruit and vegetable growers believe that they have already assumed more than their fair share of the burden imposed by the trade agreements, and when the new agreements are finally brought before the government for consideration I trust that the Minister of Agriculture will be very careful to protect the interests of the vegetable growers so that there will be no relaxation in the tariff and no easing up so far as the dumping duties are concerned.

Mr. McGREGOR: There is some question as to procedure in connection with the dumping duties. Who puts on the dumping duties? This is a very important matter, because a good deal depends on the early market. The first goods put on the market always get a good price, and if the dumping duties are not put on at the right time the growers will not get the benefit of that price. The minister might tell us what the procedure is.

Mr. GARDINER: The question is one that could be better discussed under the estimates of the Department of National Revenue. They have much more information than we have. They seek information wherever they can get it. They have their own men out getting information and we have our inspectors, who naturally make reports. The Department of National Revenue before making any decision consults the fruit and vegetable branch of the Department of Agriculture, but that is the department that takes action in pursuance of the information it receives from different sources.

Mr. McGREGOR: Where does the horticultural society come in?

Mr. GARDINER: Officially they do not "come in." They may be consulted like anyone else who is associated with the business. The departments will consult anyone. I have consulted individuals on occasion myself.

Mr. McGREGOR: It has been said that this $5,000 paid to the horticultural society is handed over to their secretary and he makes reports as to when these duties should be put on. Is there any truth in that statement?

Mr. GARDINER: There is no relation between this $5,000 and any reports that may come from the horticultural society. This arrangement has existed for many years; first it was $8,000, later $4,500 and then, because of the return of the ten per cent, it became $5,000. That goes to the horticultural society, which has a secretary. As I understand it, the same gentleman happens to be secretary for the wholesalers of fruit, and naturally they make representations through their secretary to the Department of National Revenue. They may on occasion even write letters to the Department of Agriculture. Like any other organization that is interested in these things they make representations to the different departments concerned, but the departments make their own decisions as to whether or not they will agree with the recommendations.

Mr. McGREGOR: In other words this gentleman gets $5,000 from this government, indirectly, and probably another $5,000 from the other people; he plays both ends against the middle, makes whatever recommendations he wishes, and the government carries them out.

Mr. GARDINER: The hon. gentleman is hardly correct in saying that the government makes a grant of $5,000 to the secretary.

Mr. McGREGOR: I did not say that.

Mr. GARDINER: That is about what it amounts to.

Mr. McGREGOR: Let us put it this way: The government pays the horticultural society $5,000 and the society pays him $5,000. Is that plain enough?

Mr. GARDINER: I have no knowledge of what the horticultural society pays him or what the wholesalers pay him. I only know that the same gentleman happens to be secretary of both organizations, because as such he communicates with us from time to time. I presume the organization is quite capable of engaging its own secretary and knowing whether or not he is giving service for the money.

Mr. SENN: I should like to ask the minister a question about containers. A short time ago I was speaking about tomatoes and their grading. The report of the minister for 1937 states that progress is being made towards the standardization of containers for canned fruit and vegetables. That was a very live question when the price spreads commission was investigating certain matters. There appeared to be containers that looked very much alike but which contained entirely different amounts. Could the minister tell us just what progress has been made towards standardization of those containers. It is undoubtedly true that standardization could not be carried out fully in connection with export trade because of the difference in the demands of importing countries in regard to canned goods; containers of the same size would not be suitable for the markets of all countries. But I think it is very important that we should know something of what is being done towards the standardization of containers.

Mr. GARDINER: There has been a great deal of activity in the direction of trying to obtain standard containers for the different types of packs, but that is a matter which concerns international trade to such an extent that we must give some thought to what they are doing elsewhere. There is a bill before the United States congress at present having to do with that matter, and the department here is keeping close check on it with the idea that when we finally do something in this regard it will conform fairly closely to what is being done elsewhere.

Mr. SENN: I should like to ask one more question having to do with the inspection of apples. The Shaw report, so called, among other things has this to say with regard to our shipments of apples to the United Kingdom:

> Complaints regarding the variation in the grading of Canadian apples were without doubt in many cases well founded.

And again:

> Greater care should be taken to assure that the top layer of apples in a barrel is a fair sample of the whole contents.

Evidently that has not been so in the past. Then in his recommendations he states:

> More rigid enforcement of the grading regulations would undoubtedly tend to remove these complaints.

I could mention some other features of the report. As I understand it, the grading and inspection of apples is done at the port, and they are graded only by sample; in fact I understand that only about one sample out

of twenty is inspected. It seems to me that more careful inspection of our exports of apples should be maintained, and I would ask the minister just what is contemplated in that direction.

Mr. GARDINER: Ordinarily, of course, the inspection consists of about one in twenty, or about five per cent; but as a matter of fact where there is any doubt about it at all the percentage might be much larger than that; perhaps the greater part might be inspected. That is the practice followed. There will be improvement in that connection as we go along, just as was indicated a few moments ago by the hon. member for Parkdale, who I think agreed in part at least with the gentlemen who wrote the report that there were some grounds for complaint in connection with the packs from certain parts of Canada. That complaint is being looked into, and instructions have been given our men to make more careful checks. It is part also of our activities overseas, as the result of the appointment of a man to represent the department there, to have these packs checked more closely on the other side in order to try to maintain our standard at as high a level as possible.

Mr. SENN: This report also states that American and Canadian apples are sent to the old country at about the same season of the year; that Canadian apples are frequently looked upon by the trade as American, and are sometimes sold as such. Has the department any idea that Canadian apples or the packages containing them might be marked differently so that they could be recognized in the market over there as being Canadian apples, or could any method be devised by which this might be brought about?

Mr. GARDINER: There has been no decision with regard to apples, as to whether or not we will apply the standard mark to them; but that is the whole basis of the standard mark, to have it put on the high standard products in order that they may be identified as Canadian.

Mr. SENN: But that applies only to the container, and once a barrel of apples is opened up the person who buys them in the retail store does not see the container and is not in a position to know whether or not they are Canadian apples. I understand that most of the apples shipped in hampers are wrapped in tissue paper or cellophane or something of the kind; these wrappings at least might bear the word "Canada" so that our apples may be known as such.

[Mr. Senn.]

Mr. GARDINER: There is no difficulty about the apples that are wrapped with paper and shipped in boxes; those can be marked just as Sunkist oranges are marked. But with apples packed in barrels, as they are in Nova Scotia, there might be greater difficulty in having that mark appear. One can see from that what might be a standard mark in one place would be difficult to apply in the same way in another place.

Item agreed to.

Live stock and poultry, $537,339.

Mr. LEADER: I notice an increase of approximately $55,000 in this item, which is indicative of the importance of this branch of agriculture. Live stock should be regarded as one of the main factors in successful agriculture. Anyone who has had the experience will substantiate that statement. The breeding, feeding and marketing of live stock is therefore very important.

It seems to me that our domestic market must be given some careful consideration. I have read in the Ottawa papers where dressed beef can be purchased for ten cents a pound. That beef is sold in the market in Ottawa. Then, we notice advertisements in the paper showing that better cuts of meat sell for thirty-five cents per pound. But when one goes to a restaurant he pays $1.50 per pound. In order to assure myself that I was not exaggerating I went to one of the leading butcher shops in Ottawa and asked how much beefsteak a restaurant would serve on an order. The reply was that ordinarily they would serve eight ounces and, in rare cases, ten ounces. When we consult a bill of fare we find we are charged seventy-five cents or eighty cents and sometimes a dollar for a beefsteak, but we are receiving only half a pound. It is for that reason I say that we are being charged at the rate of $1.50 per pound. This matter received consideration by the legislature of Manitoba in the present year when it appointed a special committee to investigate the matter. It might be in order to go farther and ask the dominion parliament to undertake an investigation along similar lines.

Mr. STEWART: What else, for which there is no stated charge, does the hon. member get with the beefsteak?

Mr. LEADER: You get a lot of frills which do not appease your appetite. I would be satisfied with the service I would get with a beefsteak costing fifty cents, because I think that should be the outside price for one.

When I rose to speak I had in mind chiefly the marketing of fresh beef in the old country.

Some time ago I asked the Minister of Agriculture if any investigation had taken place in connection with the placing of fresh killed beef on the British market. I received the answer that in 1921 the Harris Abattoir, which is now connected with Canada Packers, made a trial shipment. I was told, further, that in 1923 the dominion government had made a trial shipment, and that in 1934 the university of Saskatchewan had made one. I have no knowledge as to the outcome of the shipments made by the university of Saskatchewan and the dominion government, but I have a distinct recollection of the matter being discussed in the house in 1922 and 1923 after the trial shipment was made by the Harris Abattoir. The shipment proved that our meat met with satisfaction in the old country market, and it sold on a par with British killed meat, and at a substantial premium over chilled and frozen meat from the Argentine. I wonder why this market has not been developed, and why our great packing institutions have not developed the placing of fresh killed beef on the British market. I do not know the reason, but sometimes I think the fact that the packing industry in Great Britain and on this continent are vitally interested financially in the meat business of the Argentine, and that might be the reason why they have not undertaken to develop the fresh meat trade with the old country. As the trade would be developed, it would displace exports from the Argentine. It seems to me that some government agency must undertake this work if we are going to make any advance.

When we read the report submitted by the committee which was sent overseas we find the project is altogether feasible, and that there is a distinct advantage in undertaking this work. At this point I should like to read to the committee an article written by Miss Cora Hind, agricultural editor of the Winnipeg Free Press. I read the article because Miss Hind is, I believe, one of the greatest authorities on the continent in agricultural matters. It will be remembered that about two years ago she made a tour of different countries in the world, following which tour she submitted a report of her travels, and made particular mention of the possibility of placing fresh killed beef on the British market. The article is headed "British Market is Open for Meat" and is in these words:

> In regard to live stock and the products thereof, I am firmly convinced, after my three months in the Argentine, that Canada, and for that matter Australia and New Zealand, can never successfully and profitably compete with the Argentine in the matter of chilled meat for the British market. In time, and at very considerable expense for sires, Canada could undoubtedly produce the quality but not at the price. Some of the Canadians who scoff at the idea of Canada putting fresh killed, grain finished beef on the London market may be surprised to know how men on the Argentine frigorificos are alive to that possibility and that more than once I was asked as to the likelihood of Canada doing it.
>
> It might be well for Canada to get busy on this scheme before a generation in England has grown so used to the tender but really rather tasteless Argentinian chilled beef that it will refuse to pay higher prices for Canadian grain finished, fresh killed beef. Doors that may have stood open and inviting for a long time, when never used, have an uncanny habit of closing in the face of those who, long neglecting, suddenly decide to use them.

The question of fresh killed beef on the British market has long since passed the experimental stage, and I am glad indeed the minister has decided to undertake the work. Perhaps it will be done only on a limited scale at the present time. However, if he will develop the market I have no doubt in the world that we have the facilities and the farmers who desire and are able to furnish the finest beef grown in the world. I refer, of course, to grain-fed baby beef.

A few moments ago I said the packing institutions of Canada have had about seventeen years experience in connection with the project, but have not developed the trade. It seems to me the government should step in. My suggestion would be that it should lend assistance to some cooperative society which would place the meat on the British market. The government might build an abattoir, or lend to some other organization at a low rate of interest the money necessary for that purpose. At some point on the Atlantic coast there should be a year-round port from which Canadian beef could be shipped to the British market. Our beef could be placed on refrigerator ships and be delivered in the British butcher shops ready for cutting up. It would have to be hung for a period of ten or twelve days after killing. My belief is that under such arrangements it would arrive in the British market in the pink of condition.

I have mentioned a cooperative society because the other day, when speaking about Danish bacon, the minister said that this product was bred, fed and sold cooperatively. Every hon. member knows that the selling of Danish bacon in the old country market has been most successful. I believe it fetches a premium over any other bacon on that market.

I am deeply interested in the subject, having been engaged in the live stock industry

all my life. It was a pity the Canadian government got rid of its merchant marine. The government owned marine service would have taken care of the shipments and would have seemed almost like a gift from Santa Claus. However, those ships have been scrapped, but they might have been used in conjunction with our Canadian National railways to carry our beef to market. Despite this handicap, we should go forward in the development of the fresh beef market. I have said more than I intended to say, but I am really interested in this work and I should like the minister to tell the committee what steps have been taken or what advance has been achieved in connection with supplying fresh killed beef to the British market.

Mr. GARDINER: The hon. member has just referred to the activities in connection with supplying fresh killed beef to the British market. He stated that he was familiar with the experiment carried on by the Harris Abattoir some years ago. I happen to be familiar with the experiment carried on by the university of Saskatchewan a comparatively few years ago. On that occasion the present director of marketing in the Department of Agriculture was in charge of the agricultural college at the university in Saskatoon. He was really responsible for the experiment that was carried on. That experiment consisted of choosing seventy-five steers. I believe those steers were first on the Matador ranch in Saskatchewan and then they were finished with grain. Twenty-five were killed in Saskatoon and shipped directly to the old country to be sold on the Smithfield market. Twenty-five were shipped to Montreal, killed in an abattoir there and the meat shipped in cold storage to the Smithfield market. The other twenty-five were shipped on foot to Birkenhead, where they were slaughtered and the meat sent to the Smithfield market.

There are certain difficulties to be overcome in undertaking an experiment of this kind. The Canadian railways have no refrigerator cars capable of carrying beef in sides, as it is desired in the old country. Therefore, the meat had to be hung in a way in which it should not be hung in shipping it from Saskatoon to Montreal. The refrigerator cars available in this country have been constructed for the purpose of carrying any commodity that requires cold storage, and it was found that the beef was not heated evenly at the top and bottom of the car. When the meat reached Montreal it had to be handled under the conditions I described the other day in connection with bacon. It had to be taken from the refrigerator cars and moved across the wharf, sometimes in great heat, then put into the hold of the boat and taken across the Atlantic. It just happened that when this meat reached the other side the conditions on the Smithfield market were not right for the marketing of it at the end of the week, and it was thought advisable to hold the beef over until Monday, if I remember rightly. That necessitated opening up the hold to take out all the other commodities and then closing it up again and putting the Canadian beef back into storage for another two days. The result was that the beef which had been killed in Saskatoon had undergone about as trying a trip as beef could be expected to undergo. That which was shipped from Montreal encountered conditions a little less difficult. The beef shipped on foot and killed at Birkenhead demonstrated that this was the most efficient manner of placing this product upon that market under the conditions prevailing and with the facilities existing between Saskatoon and London.

My memory of what happened is that the Canadian beef slaughtered at Birkenhead sold at prices which compared very favourably with the best Scottish beef. The beef which was killed in Montreal sold at a little lower price, and that which was killed in Saskatoon sold at a still lower price. My memory is that the beef killed in Montreal sold to better advantage than Argentine chilled beef and demonstrated that beef shipped under those conditions, or under the slightly improved conditions possible to-day, can be sold to advantage as against Argentine beef.

Mr. SENN: Was the beef that was slaughtered in Montreal sold at a price sufficiently higher to pay the freight from the west, and was the beef slaughtered in England sold at a price sufficiently higher to pay the ocean freight, which I understand is $15?

Mr. GARDINER: The beef shipped on foot and slaughtered in England returned the best price to the individual on this side. The beef slaughtered in Montreal brought the next best return to the individual on this side. The beef killed in Saskatoon brought the lowest return to the individual on this side. With the facilities available it would appear that it would be better to ship the beef on foot. The hon. member for Portage la Prairie (Mr. Leader) is advocating that a change should be made in the conditions; but, as was indicated the other day, we are carrying on experiments in the hope of providing better facilities, either at Montreal or at some other point, for the transference of beef killed in Canada to ships. All I can say is that the

Argentine trade in beef has been developed over a long term of years. The first thing they did was to provide for careful breeding, and that country has some of the best beef stock to be found anywhere in the world. Another point in their favour is the fact that most of their stock is comparatively near to the seaboard. My understanding is that it is all slaughtered on the wharves and that there is no change in temperature from the time of cooling following killing to the placing on the ships. They have also developed ships which are used only for the carrying of beef, and in which the temperature is constant.

We could ship beef from this country to England to be sold as fresh killed beef. I understand that on the British market beef is considered as fresh killed if it has been slaughtered within ten days. My understanding is that it takes a month to deliver Argentine beef to the British market, and therefore it is shipped in chilled form. We can ship ours as fresh killed beef and sell it in competition with other fresh beef on the British market. However, to do this, facilities must be provided on our wharves and boats must be specially constructed to handle this fresh meat. We would have to use all the space provided in the boat for this purpose.

Mr. ROWE (Dufferin-Simcoe): Is any being shipped now?

Mr. GARDINER: We are arranging to ship limited amounts.

Mr. ROWE (Dufferin-Simcoe): How much?

Mr. GARDINER: I have not the exact amount. We have entered into an arrangement with the packers to carry out this experiment for us and to undertake shipments to the old country markets for a period of twelve months.

Mr. ROWE (Dufferin-Simcoe): Where will that beef be killed?

Mr. GARDINER: Mostly in Toronto.

Mr. SENN: In carrying out this experiment is consideration being given to the pluck and offal? These are important items in considering the return from an animal. There is a return from the heart and liver and things like that, and the other offal which may be used for fertilizer and other purposes.

Mr. GARDINER: Every part of the animal will be accounted for. The liver and offal will not be shipped to the old country. It will be used on this side.

Mr. SENN: It will be in the returns?

Mr. GARDINER: Yes.

Mr. LEADER: My idea is that these cattle should be killed, not in Toronto, but at the Atlantic seaboard. We can raise all kinds of first-class feeder cattle in western Canada, and are glad to sell them at the market price, and I am sure that the maritimers would gladly buy them at the market price. If these feeder cattle were slaughtered at the seaboard, the maritimers could fatten them down there, and the fresh killed beef would arrive in the old country at the very lowest possible cost of production. But if they are killed in Toronto, you have to have refrigerator cars to ship them to the seaboard, and transportation costs are greater. We have fooled with this thing long enough. If you are going to make an honest-to-goodness attempt to put fresh killed beef on the British market, then take the best method you can find, something like that used in the Argentine, slaughter the cattle at the seaboard and place it on the market in the shortest possible time. If we adopt the best possible methods, we might be able to win our way with fresh killed beef into the British market.

Mr. LANDERYOU: Why was Toronto selected?

Mr. GARDINER: The facilities at the seaboard are not as desired by the hon. member for Portage la Prairie, and again Toronto is the one market where you have the greatest number from which to make your selection of high grade beef. That is the condition at present. All factors that enter into cost can be determined. The cost of shipping from Montreal or Toronto, the difference between the cost of shipping live cattle and the dead animal—all these differences will figure in the cost and can be determined.

Mr. LANDERYOU: It is in the nature of an experiment?

Mr. GARDINER: Yes, and I do not think it would be advisable for the government or anyone else to enter into the enormous expense involved in building an abattoir at, say Saint John, and putting in the equipment necessary to handle the beef like they do in the Argentine, with a complete line of boats, or even only one boat, to carry on an experiment of this kind. All we can do is to say that we are carrying on the experiment under the most difficult conditions one can possibly prescribe, and if we can succeed under those conditions we could succeed much better if we had better facilities. These facilities might then be provided by private capital. That is the way in which it is done in the Argentine. It is not done by the government there, but three companies do the business

largely, one being Swifts and another an English organization. They handle the beef direct from the Argentine to Great Britain.

As to what will develop out of the experiment, that will depend upon what has been accomplished when it has been completed and upon the attitude of private interests as to whether they want to go into a business of that kind.

Mr. THOMPSON: Will there always be sufficient cargo space to take these carcases across? There has been great difficulty in getting boat space for the shipment of live cattle. The difficulty might be overcome if we had the assurance that there would always be sufficient refrigerator space in the vessels to take the fresh killed beef across.

Mr. GARDINER: So far as this experiment is concerned, special arrangements are being made covering the whole twelve months, so there will be no difficulty in obtaining space, because the space will be booked and the beef will be put into cold storage weekly throughout the year.

Mr. ROWE (Dufferin-Simcoe): Seeing that the government is paying for the experiment, would it not have been advisable to do as the hon. member for Portage la Prairie (Mr. Leader) has suggested, have the cattle slaughtered at the seaboard and the fresh killed beef shipped from the nearest possible point to the British market? I realize that the experiment may not be profitable in its initial stage, but certainly it would be profitable for this dominion it we could establish a market in the old country for our fresh killed beef. Many people have recognized that for many years, and I am inclined to agree with the hon. member for Portage la Prairie that the shortest possible route to the British market is the one which should have been taken, and the cattle slaughtered at the seaboard. I realize the volume of the business that is done in the city of Toronto, but there would be advantages from a national standpoint to ship, if at all possible, directly from Halifax or Saint John, or even Montreal, although shipments from Montreal would take a day or two longer, and that port could not be used the whole year round. I think the government might well consider the advisability of adopting that suggestion, independently of the extra cost of supplying a smaller quantity. I notice by the minister's report which was given to the house the other day, or perhaps I should say the report of the committee—

Mr. GARDINER: Call it mine.

[Mr. Gardiner.]

Mr. ROWE (Dufferin-Simcoe): After looking at the spectacular page ten I think it should certainly be called the minister's report. Paragraph 3 on page ten states:

> Arrangements have been completed to have a definite quantity of fresh killed beef forwarded weekly to the London market.

Evidently the arrangements have been made and we are now committed to supplying the British market weekly with our fresh killed beef. Toronto is a long way inland, and subject to the handicaps, to which the minister alluded a few moments ago, of its being necessary to change from car to boat during hot weather conditions. All these are difficulties that have been recognized for some years, and I think they are still difficulties in making the test so far inland successful. I do not know whether the facilities at Halifax would be suitable, but I do think that even at some extra expense the department would have been well advised to ship high class beef animals on the hoof to Halifax or Saint John, no matter how few in number, to see if we could not establish for ourselves a market in Britain and meet the demand by a continuous and regular supply of high class beef. Even Montreal would have been much closer than Toronto, and would have avoided the change from car to boat.

I personally commend the effort which the department is making in this regard, and which I think is only in keeping with what might be done in many lines so far as the export of our meat is concerned, but I do think the government would be well justified in spending even more money to carry out the experiment from the closest possible port to secure the British market. It is in keeping with the suggestion I made here the other day with reference to giving assistance in the marketing of live stock products. Some have said that this is unsound; but I have observed in the old land, in the very market in which we are endeavouring to sell our farm products, they have their bacon development board, and indirectly or almost directly they are giving assistance, even what might be called subsidies, to make up the difference between the market price and the fixed price. I think there would be very little criticism throughout the dominion if the government spent a considerably larger sum to develop this trade, which I believe could be developed more efficiently if we chose the shortest possible route and shipped the beef from the nearest possible point to the British market.

Mr. LANDERYOU: I realize the difficulties on account of lack of facilities at the seaboard, but I should like the minister to

explain the advantages in shipping the beef dressed over shipping cattle on the hoof as we do now.

Mr. GARDINER: The great difficulty, of course, in maintaining our British market has been to maintain a continuous supply in that market. In shipping the beef on foot as we have been doing, there seems to be a tendency on the part of our people, whether it is the producer or those who are handling cattle, to direct shipments for a time, say to the Chicago market, because temporarily the price is a little better there; then, when there appears to be a little better price from the British market they direct our live cattle there, with the result that we find ourselves left, as we were for a few weeks last winter, in a position where it is difficult to find any market at all. We believe that if we could develop a continuous market in the old country, it would be to the advantage of our cattle people to do so. At the moment we are experimenting to convince ourselves one way or the other on the facts; we think at the moment that if we had facilities established along the route to have our cattle slaughtered on this side and shipped across in substantial amounts, and had the facilities to handle them, we could satisfy the old country market and keep it to better advantage than we are doing, and under those circumstances we hope we shall get a price which will warrant our producers in keeping our cattle in that market.

The matter of facilities is not the only problem which has to be dealt with. If it were merely a case of slaughtering cattle in connection with the experiment at Saint John, and knowing we could always do that to advantage, we might conduct the experiment entirely from Saint John. But if we are to continue to gather our cattle at the centres where we have gathered them in the past, Toronto will need to be given consideration, because the greatest volume of our best cattle comes to the Toronto market, and unless strong reasons could be supplied for an individual taking them to some point further east they would continue to go to Toronto, and under certain conditions might find their way back as far as the Buffalo or Chicago market when we might prefer to see them going to Britain. That is the reason for including Toronto for the time being in the experiment, whatever the result of it may be.

As far as the production of the cattle themselves is concerned, I stated to the house last year and, I think, in the preceding year, that we were hopeful of developing some plan of inducing the movement of many of our young cattle from areas in western Canada where we cannot maintain them. We can breed the very best of cattle and bring them up to a year or eighteen months under conditions which keep them in the very best possible health and produce the very best kind of feeder, but in many seasons we have not the feed with which to finish the cattle. We have been attempting to develop a natural movement of cattle from the west towards the east, to be fed on grass and in stalls in the eastern part of Canada and moved in the end to what we consider one of our natural markets, namely the British market. At the moment we are trying to associate the construction of community pastures in western Canada with that policy. We are organizing those pastures in areas where some attention has already been given to the breeding of live stock, largely through the fact that they are in natural ranching areas, and we are hopeful of having a policy in connection with breeding, especially in relation to pastures which have an acreage of twenty to one hundred thousand acres, that will bring out of those pastures a common type of stock. It can be said then to any community in eastern Canada, "Well, if you want to obtain the very best type of shorthorn feeders—or whiteface feeders, or the type my hon. friend is interested in, Aberdeen-Angus feeders—there are certain of those areas where that is the type which is bred, and by sending there you can get that type of cattle. Even without going for them, you can get so many carloads of that particular type of cattle shipped down to your area." We are hopeful, through the development of that policy over a term of years, that we can accomplish what they have accomplished in the Argentine because of their close proximity to the sea; we can get those cattle moved eastward and have them down here at a year old; probably they can go on the grass for a year, or they may be stall fed for a winter. If we can induce our friends in the townships of Quebec to feed more beef cattle; if we can persuade our friends in the Saint John valley to feed more beef cattle, and our friends in Nova Scotia to do the same, we can bring cattle down and perhaps in some of those areas they can produce the feed to finish them. If they can not produce feed they can ship it in to better advantage than we in the west, who have not the same facilities in respect of water transport. If our experiment proves successful and we can market fresh killed beef in Britain to advantage, facilities can be provided by cooperative organizations, the government, or private organizations—whoever will take an interest in it—to place that beef on the market in competition with beef coming from the Argentine and elsewhere.

Mr. POTTIER: Could the minister tell us approximately the quantity he has in mind in his reference to definite quantities of fresh killed beef?

Mr. GARDINER: Twenty-five carcases a week constitute the quantity under consideration at the moment.

Mr. POTTIER: And that arrangement is carried on through the government, not by private individuals?

Mr. GARDINER: The arrangements would be carried on through an agreement entered into by the government with any of the private organizations that desire to undertake it. Up to date there are only two that have indicated the desire to do so—Canada Packers and Swifts. But the government only pays any losses that may be incurred. If the beef does sell to advantage after being shipped, in all probability the government will not have to pay anything, but if there are any losses in connection with it the government will pay the losses.

Mr. KINLEY: The minister was in Nova Scotia last year. I think he opened the maritime winter fair in Amherst. Has he anything to say regarding the opportunities of Nova Scotia for raising cattle for the British market? I know my county has fine beef cattle. They tell me that the exhibition at Bridgewater exhibits the finest show of beef cattle that one can see anywhere in eastern Canada. It seems to me Nova Scotia should be able to raise cattle for the British market. We have plenty of pastures, the very best, similar to those in Scotland. The abundance of dew and rain makes the pastures green and the grass grow quickly, and I cannot understand why we cannot in Nova Scotia, with our geographical position, raise cattle which will be acceptable on the British market.

Mr. GARDINER: The natural conditions in Nova Scotia, of course, are favourable, but the fact remains that that province does not produce nearly as many cattle as it might, largely, I suppose, because that market has not been properly developed and the means of getting the cattle there have not been properly developed. But I would point out that, while the conditions in certain parts of Nova Scotia compare favourably with those in Scotland, the Scottish people do not attempt to raise all the cattle they feed. The main part of the industry of producing feeder cattle which we now carry on is in order to supply the Scottish feeder with feeders. When I was in Glasgow two years ago I was talking to a very large feeder who feeds cattle in the vicinity of St. Andrews, Scotland. He said that he had seven farms; that he and his two sons were in the market buying Canadian cattle, and that up to the time I was speaking to him he had bought thirty. I asked him how many Canadian cattle he could take. This was in the month of August. He said, "Between now and November I can take six hundred, if I can get six hundred like the thirty I have just bought," and he said he had not any idea that he would get more than a fraction of that number in the period, by coming down to Glasgow and picking up what he could get.

Mr. ROWE (Dufferin-Simcoe): Would it be impossible to get twenty-five a week of the right quality in the maritime provinces?

Mr. GARDINER: I am not sure whether it would be possible to get twenty-five a week of the type they want. We want to keep a certain type on the market for one year and then be able to assure the British people that we can produce afterwards a certain number of the same type. By that method it might be possible to induce some one to take an interest in that kind of trade.

Mr. KINLEY: We have good beef cattle.

Mr. GARDINER: The cattle I saw there were as good as one could find anywhere. I saw some later at the royal fair and they took prizes.

Mr. ROWE (Dufferin-Simcoe): Seeing that there are good cattle in the maritimes, a small shipment might have been tried from that section, which is close to the British market. The minister has suggested that those who ship the twenty-five head weekly will be reimbursed for any loss, and naturally, if they make a profit, that is their inducement to cooperate with the government. I take it that the government will have a careful inspection made, because it is only under government inspection that any type should be allowed to be exported by the private individual. What I mean is this: If the department is reimbursing the private shipper for any loss that may be sustained, its inspectors should select the carcases that are exported. I assume that will be the procedure.

Mr. GARDINER: Yes. The department will have a check on that all the way through. In Canada we have established over the years certain methods of marketing and I do not know whether we can change them, but for the time being our cattle are being exported in great numbers from certain points. Our main desire is to determine whether we can

set up conditions under which we can constantly divert a certain number of these to the British market. Personally I think we should be sending about 200,000 to the British market, and we should maintain that number. If we could send that number to the British market and the same number to the United States, carefully selecting them from certain sections, it would assist materially in building up our trade. But a constant level must be maintained. As it is one year we ship 6,000, another year 60,000, and if we go ten years back we find that in one year we shipped 100,000 and sometimes 200,000. These variations are such that we cannot say we are maintaining any position in the British market. What we should assure ourselves of is that even with present marketing conditions, with the great bulk of the stock being accumulated at Toronto, Montreal and Winnipeg, we can go ahead and compete in the British market. If we can do that, then we shall have conditions under which we can compete to better advantage.

Mr. ROWE (Dufferin-Simcoe): The principle involved in this experimental service in connection with beef cattle is of great importance, and it is one that could be put into effect to great advantage in connection with other lines of exports, particularly animal products. I do hope that the department will see that the quantities we ship are of sufficiently high quality. It would be in the interests of the great bacon industry of Canada if similar precautions were taken to maintain the quality of bacon shipped overseas. We have such an enormous market in Canada that those who are interested in the processing of live stock products here are bidding to the most important market, the one that takes ninety or ninety-five per cent of the product. Only a very small fraction is shipped overseas, and the price which is received for that surplus automatically fixes the price for the large quantity sold in Canada. Sometimes the large quantity sold here automatically in turn increases consumption in Canada, and as it increases consumption I am not sure that the individual processor does not make more money by selling high class products in Canada instead of looking for markets for a high class product overseas, which would automatically increase the price of the article to the farmer here. I suggest that not even bacon or other live stock products should be exported unless precautions are taken to see that a proper standard of inspection is maintained.

I commend the department for the experiment in connection with the shipment of twenty-five weekly, and I suggest that the most careful system of inspection and supervision be carried out, independently of the ability of those who are processing. The integrity of those with whom the department is negotiating need not be questioned; but it is most important and fundamental in order to attain the end aimed at, namely a market for fresh beef overseas, that a system of careful inspection should be carried out. The same principle might very well be followed in connection with bacon and dairy products, and, indeed, practically all live stock products. As I say, the very small percentage that is exported automatically fixes the price for the whole dominion, and it is therefore of the utmost importance that this small percentage should be of high quality. It is only four or five per cent in the case of bacon, and in all animal products it is not ten per cent. It is extremely important that this surplus should be of a high quality which will bring a price that will reflect favourably on the price paid in Canada, which in many places is lower than cost of production.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

CRIMINAL CODE

PROVISION AGAINST REFUSAL TO EMPLOY OR DISMISSAL FOR MEMBERSHIP IN TRADE UNIONS

The house resumed from Friday, March 18, consideration of the motion of Mr. Woodsworth for the second reading of Bill No. 4, to amend the criminal code.

Hon. NORMAN McL. ROGERS (Minister of Labour): When this bill was before the house some time ago, Mr. Speaker, I indicated, as indeed the Minister of Justice (Mr. Lapointe) had stated previously, that the right of workers to form or join trade unions has the full support of this government. There is no difference whatever in that regard between us and the sponsor of this bill. There is in this measure, however, a very definite attempt to secure protection of the right to organize by an amendment to the criminal code, and it is the opinion of the law officers of the Department of Justice that such legislation would be colourable and that the proper means of giving due effect to freedom of association lie within the jurisdiction of the provincial legislatures. In those circumstances, therefore, obviously the government cannot accept

legislation which, in the opinion of the law officers of the crown, would be inoperative and invalid.

In this connection I wish to point out that on various occasions the dominion government has affirmed the right of workers to organize in trade unions; but it has always done so in the form of a declaration and has never proceeded by way of a legislative enactment. It may be interesting to members of the house to recall that the first formal declaration of this kind was made in the closing months of the great war. In July of 1918 an order in council was passed which was designed to bring about industrial peace in those difficult years. It was set out in that order in council that it would be in the interests of industrial peace that employers should give full recognition to the right of workers to organize. I should like to quote from the order in council a number of clauses which are pertinent to this discussion:

1. That there should be no strike or lockout during the war.

2. That all employees have the right to organize in trade unions, and this right shall not be denied or interfered with in any manner whatsoever, and through their chosen representatives should be permitted and encouraged to negotiate with employers concerning working conditions, rates of pay, or other grievances.

3. That employers shall have the right to organize in associations of groups, and this right shall not be denied or interfered with by workers in any manner whatsoever.

4. That employers should not discharge or refuse to employ workers merely by reason of membership in trade unions or for legitimate trade union activities outside working hours.

5. That workers in the exercise of their right to organize shall use neither coercion nor intimidation of any kind to influence any person to join their organizations or employers to bargain or deal therewith.

Mr. WOODSWORTH: Under what government was that?

Mr. ROGERS: That was in 1918, so it would be the union government of that day. The order in council is dated July 11, 1918.

Mr. STEVENS: Was that order in council passed under authority of the War Measures Act?

Mr. ROGERS: I know that at the close of the war a number of the provisions of the order in council were rescinded, and that may well have been because the War Measures Act no longer applied; but the provisions to which I have referred were not rescinded, and still remain as a declaration.

Mr. STEVENS: But the point is that if it were passed by virtue of the authority of the War Measures Act it would have the effect of law; otherwise it would be merely a pious declaration. If it were under the War Measures Act, of course it would last only until the War Measures Act was repealed some time later.

Mr. ROGERS: Yes. Well, I can say that in the preamble it does not appear that the order in council was passed under the provisions of the War Measures Act.

Mr. LAWSON: Does it not specify the act under the authority of which it was passed?

Mr. ROGERS: No. Perhaps I should quote the preamble:

The committee of the privy council have had before them a report dated 9th July, 1918, from the Minister of Labour, representing that industrial unrest during the past few months has become more general than formerly, thus causing serious interruption in some lines of war work, and indications are that it will become more widespread still unless successful efforts be made to check it. This unrest has many causes, among which are the shortage of labour, rapid advance in the cost of many of the necessaries of life, employers denying their workmen the right to organize or to meet them in joint conference to discuss requests for improved conditions or to negotiate adjustments of differences; and in others from too hasty action on the part of working men in ignoring the provisions of the Industrial Disputes Investigation Act and in adopting drastic measures before exhausting every reasonable effort to reach a satisfactory settlement. Wages alleged to be inadequate, together with length of the work day said to be too long, are among other frequent causes of such unrest.

Then it goes on to say:

The minister, therefore, recommends that the governor in council declare the following principles and policies and urge their adoption upon both employers and workmen for the period of the war.

So I think it is quite clear from the form of the preamble that the order in council was designed rather to be a declaration on the part of the government, and was not intended to have legal effect under the War Measures Act. But as I mentioned a moment ago, at the close of the war—

Mr. MacINNIS: What would be the effect of these orders in council? Would they have any legal standing?

Mr. ROGERS: Oh, no. This was really an appeal, with the authority of an order in council, to employers and workmen to observe these principles as laid down for the promotion of industrial peace, and my point is that when the government has dealt with this question in the past it has proceeded by way of declaration and not by way of legislative enactment.

At the close of the war these principles remained in effect as a declaration of the position of the dominion government towards recognition of the right of workers to organize in trade unions, but I have no doubt that on the part of a great many people of this country they were soon forgotten. I suppose it is natural that questions regarding the right to organize and collective bargaining become more acute in a period of increasing prosperity. It is a matter of common knowledge that strikes are more frequent in such periods than during periods of depression. It so happened that shortly after this government came into office a number of strikes did occur, on account of charges that employers had been discriminating against some of their employees who belonged to trade unions. This government received a number of delegations from labour organizations in Canada, all emphasizing the importance of a more general recognition on the part of employers of the right of workers to organize in unions of their choice. When that matter was brought to the attention of this government and particularly to the attention of the Minister of Labour, who has a special interest and responsibility in these matters, the particular question of jurisdiction was referred to the law officers of the Department of Justice. That was in December, 1936. We were advised by the law officers of the Department of Justice that freedom of association was a civil right; that it lay within provincial jurisdiction, and that it was within the power of provincial legislatures to provide the means for a more adequate recognition of the right of workers to organize in trade unions.

In that connection I think I might very well remind the house that the Trades and Labour Congress of Canada, which had been particularly zealous in pressing this question upon the government, received legal advice, and on the basis of that legal advice had a bill drafted which was sent to all the provincial legislatures. I might quote from a circular letter from the Trades and Labour Congress of Canada, addressed to the members of provincial legislative assemblies, and dated February 15, 1937. In that letter there is this paragraph:

> Having secured legal advice we are informed that under the division of legislative powers between the dominion and the provinces the subject matter of this bill falls within the exclusive legislative competence of the provinces.

With that circular letter went this draft bill which was intended to secure, through provincial legislation, more adequate safeguards for workers who desire to form or to join trade unions.

Mr. WOODSWORTH: Would the minister not say that was because of the attitude of the Department of Justice in saying the matter was provincial and not federal?

Mr. ROGERS: Well, Mr. Speaker, I have already stated to the house that on this question being referred to the Department of Justice, the Department of Labour was advised that the jurisdiction lay properly with the provinces. That view was communicated to the officials of the Trades and Labour Congress of Canada.

At the same time there is clearly a suggestion here that the Trades and Labour Congress of Canada themselves secured legal advice, and were advised accordingly that they should seek to have their draft bill enacted by provincial legislatures rather than by the dominion parliament. I am sure the hon. member would not for one moment suggest that the law officers of the Department of Justice would not give a proper opinion in this case. They were asked for their opinion upon the case as submitted, knowing full well that the proposal had been made by the Trades and Labour Congress of Canada

The opinion as given was communicated to the Trades and Labour Congress. They, I believe, took additional legal advice. Pursuant to that advice they later made representations to the provincial legislatures. I would add further that as a result of their representations to the provincial legislatures statutes have been passed in five provinces which, in effect, do provide additional safeguards for the rights of workers to organize in trade unions. In much of that legislation—and I shall not deal with it in detail because it was referred to previously by the Minister of Justice—there are special safeguards against employers who discriminate against their workmen because of membership or activity in trade unions.

I should like also to point out to the house that this government has at the same time done what it could properly do by declaration and persuasion to bring about, on the part of employers, a more general recognition of the right to organize. On January 1, 1937, as Minister of Labour I issued a statement which had behind it the full approval and endorsement of the government, a statement which referred specifically to the importance, in the interests of industrial peace, of a clear recognition on the part of employers of the right of their workers to organize in trade unions. Perhaps hon. members would permit me to quote briefly from that message:

> In connection with recent strikes in Canada there have been frequent complaints that certain employers have denied to their employees

the right of association and have summarily discharged men and women who have been active in the organization of labour unions. It is necessary to state in the clearest terms that the right of association is a civil right, long established by law and usage. It was affirmed with special reference to Canada by an order in council of July 11, 1918 (P.C. 1743). It was proclaimed explicitly in the treaty of Versailles at the close of the world war. To deny the right of workmen to combine in any lawful organization they desire for the promotion of their common welfare is an open invitation to extremists to preach the futility of collective bargaining as an alternative to direct action. The right of association for legitimate purposes should be respected in the national interest and labour should not be denied the means of organizing for collective bargaining. The right of employers to organize for all lawful purposes is not questioned in any quarter. Employers are not entitled in the same breath to protest against governmental regulation of industry and to deny to labour its right to resort to legitimate measures of self-help through voluntary association.

I quote that simply to indicate to the hon. member, if indeed, it is necessary, that there has been no hesitation on the part of this government to do what it properly could to secure a more general acknowledgment of the right of workers to organize in trade unions. During the past two years I have had occasion to repeat that declaration on numerous occasions. May I say further that there have been a number of cases where employers are alleged to have discharged their employees because of their connection with trade union activities. The hon. member for Vancouver East (Mr. MacInnis) referred specifically to a number of these cases when he spoke upon the bill. Whenever such cases have been brought to the attention of the Department of Labour we have done what we could by way of persuasion, and with the full influence of the government behind that persuasion to induce employers to reinstate workmen who have been discharged for such causes. I shall not say to the house that we have been uniformly successful in securing the reinstatement of workers discharged under these circumstances. At the same time I have been agreeably surprised at the attitude of a number of employers who apparently did not realize the fact that in discharging their workmen for such causes they were entrenching upon the freedom of association and were violating a civil right which, after all, is one of those civil rights which make up our heritage of freedom.

I can equally assure the house that this government—and I am not suggesting other governments have not also been active in this respect—will not cease to use its efforts in that direction.

[Mr. Rogers.]

Mr. STEVENS: What recourse has an individual who is discharged and is not taken back?

Mr. ROGERS: The truth of the matter is that prior to the passage of the legislation in the last two years by provincial legislatures, to which I referred a moment ago, there was no recourse. The situation was then very unsatisfactory. I fully agree with the hon. member in that regard. The most that could be done before that legislation was passed was to point out to employers that they had violated a civil right, and that they should take immediate steps to make amends for what they had done. As I have stated, in a very considerable number of cases reinstatements were brought about in that way. Of course, there is always the question as to how one can best encourage and bring about a more general acceptance of freedom of association, and a more general realization of the advantages of collective bargaining.

In supporting the bill the hon. member referred to legislation in other countries and, as I recall it, referred in particular to the Wagner Act passed by the United States congress. It is possible, where jurisdiction has been established, to deal with this matter in a manner which will compel employers to deal with trade unions, and through processes of collective bargaining. In the United States that legislation is of quite recent origin. It has been declared valid by the supreme court, because of the very wide powers conceded to congress through its control of interstate commerce.

In another country, a country from which Canada has inherited the greater part of her tradition, the question has not been dealt with upon the basis of coercion. In Great Britain there is no legislation of the nature of the bill now before the house. Among the employers of Great Britain there has developed over a period of years recognition of the value of collective bargaining. The right to organize, or what we term freedom of association, has been supported by an educated public opinion. I certainly hope that in this country there will be an increasing measure of support for the processes of collective bargaining. To my mind, if you can establish trust and good faith between employers and employees in the conduct of their industrial relations, you have established what is by far the best basis for industrial peace. In other words, it is desirable that these practices should develop, where possible, upon a voluntary basis. That has been the way in which the practice of collective bargaining has developed in Great Britain. I believe there is reason to hope that we are moving more and more in that direction in Canada.

I have no fault whatever to find with my hon. friend for submitting this bill to the house. As a matter of fact, I think he is to be commended for emphasizing the importance of this question. However, I know he will not misunderstand me when I say that in the light of the advice given by the law officers of the Department of Justice it would be in the nature of deception upon those whom my hon. friend is anxious to assist if this government gave its support to legislation which, it is considered, would be invalid and inoperative. I cannot emphasize too strongly the support which I feel should be given to this right to organize. I want to express once more my own conviction that within the last few years there has been a marked improvement on the part of employers in their attitude toward this important question and in their relations with their employees.

Mr. McIVOR: Has this government gone as far as the British North America Act will permit in giving the toiler the right to organize in the union of his choice?

Mr. ROGERS: I believe the answer to that question would be that the right to organize is a civil right. On several occasions the dominion government has gone as far as it could go, under the advice of its law officers in affirming that right and in giving its full support to the freedom of workers to organize in unions.

Mr. A. A. HEAPS (Winnipeg North): Mr. Speaker, I was pleased to observe, from what the Minister of Labour (Mr. Rogers) said, that the government has a good deal of sympathy for the proposal now before the house. However, I think the house ought to take a more definite attitude toward this question and not bring in the British North America Act as a sort of excuse for doing nothing. I use the words "sort of excuse," because I feel quite sure that if I were to go to lawyers in this chamber, even to those sitting on the Liberal side, I could get opinions to the effect that this bill is entirely intra vires of the British North America Act. I can remember in 1935 when we had the opinion of the law officers of the crown that certain measures then introduced were within the confines of the British North America Act. However, when they came before the highest court in the empire it was found that the law officers of the crown were not quite correct. The same thing might happen in this particular case.

I have seen lawyers in the courts and other places arguing cases. One lawyer would have in front of him a stack of precedents about two feet high in favour of his side of the case, while the other would have just as high a stack of precedents in the opposite direction. It is the easiest thing in the world for a lawyer to dig up precedents to show why something is either right or wrong.

Mr. LAWSON: You have no idea how hard it is.

Mr. WOODSWORTH: They charge $100 a day to do it.

Mr. HEAPS: I think it is one of the easiest things in the world to dig up precedents. I shall go so far as to say that it may be a little difficult for some lawyers to dig them up.

Mr. ROGERS: The Trades and Labour Congress of Canada were most active in promoting legislation of this kind, even before this bill was introduced. Does my hon. friend not think they would have satisfied themselves on the legal question before they submitted the draft bill to the provincial legislatures?

Mr. HEAPS: I can deal right away with the question asked by the hon. minister. The Trades and Labour Congress of Canada suggested in a circular submitted to the various provincial councils which were affiliated with them, that this matter came within provincial jurisdiction, but I understand that before that circular was sent out they consulted with members of the government. It was probably on the say-so of members of the government that they took the attitude they did. However, I have before me the statement they submitted to the Rowell commission in January, 1938, and from this it would appear that they have had a change of heart on this important question. This is what they submitted to the commission:

> Where social and labour matters are concerned, the effect of the series of judgments of the privy council on the British North America Act has been to declare for provincial jurisdiction with rare exceptions because such subjects were held to be matters of civil rights and hence provincial. Without presuming to question the soundness in law of the decisions, it can be pointed out that the entire course of those judgments might just as well have taken an opposite direction in so far as the opinions of the judicial committee are concerned. We base this statement on two important principles laid down by the privy council itself in dealing with our constitution. The first of these principles was given in a decision of 1896 (the Distillers and Brewers' case) when their lordships stated that they did not doubt "that some matters, in their origin local and provincial, might attain such dimensions as to affect the body politic of the dominion and to justify the Canadian parliament in passing laws for their regulation or abolition in the interests of the dominion." Obviously this means that a matter of civil

rights or of a local or private nature in its origin should cease to be reserved exclusively to the provinces when it becomes of such prominence to attain national significance.

I am not a lawyer, but I venture to assert that this particular judgment can be interpreted to mean that the bill introduced by the hon. member for Winnipeg North Centre (Mr. Woodsworth) comes entirely within the category to which reference is made.

Mr. ROGERS: That judgment would be before the law officers of the Department of Justice when they gave their opinion on this question.

Mr. HEAPS: The minister referred to the submission of the Trades and Labour Congress of Canada, and I was giving this as part of their submission to the Rowell commission, after the circular referred to had been sent out. This indicates clearly that they felt that matters of this kind, which would pertain to the bill now before the house, would come within the scope of that interpretation and, therefore, within the jurisdiction of the federal parliament.

Again this year, in 1938, the year the Trades and Labour Congress submitted the same request to the dominion government. Let me read it:

> We realize that jurisdiction in these matters rests with the provinces at present, rather than with parliament, and in the past year we have approached the several legislatures seeking protective legislation, with success in some cases. We firmly believe, however, that the dominion parliament also should recognize the rights of the workers to freedom of association and collective bargaining in as far as its jurisdiction extends, by providing suitable penalties for proven cases of interference with those rights.

That is the last word which the Trades and Labour Congress submitted to the cabinet in the early part of this year. Then, in January of this year, as previously mentioned, it submitted to the Rowell commission the following, which is also to be found on page five of its submission:

> The second principle, contained in the decision on the radio case (1932), may be taken either as an extension of the first, or as parallel to it. Lord Dunedin, in giving judgment, had established that the point at issue was given by the act neither to the dominion nor to the provinces. As a residual power, and as a matter essentially national, jurisdiction was declared to rest with the federal authority.

I declare that the matter dealt with in the bill now before us is of such dimensions that it has become federal in its scope and nature and if the federal parliament enacted the legislation I believe it would be difficult to have it declared ultra vires and beyond the powers of parliament under the British North America Act.

[Mr. Heaps.]

Mr. MARTIN: If the hon. member will permit a question, does he know of any responsible legal opinion which would be contrary to what the Minister of Labour has expressed to be the view of the Department of Justice? I ask that question in all sincerity.

Mr. HEAPS: Really the question would have to be decided by the courts. I have not gone to any lawyers to obtain an opinion on the bill; but personally, from my own reading and having studied the matter as well as a layman can, I believe it is clearly within the jurisdiction of parliament to enact legislation of this kind.

I would say, further, that in the attitude which parliament has adopted in years gone by in regard to the jurisdiction of parliament and of the provinces we have been stirring up for ourselves a pile of trouble until we have reached an impasse, and now we do not know where we stand and where jurisdiction lies, whether with the federal parliament or with the provincial legislatures, with respect to various matters.

But matters pertaining to trades unionism and the right of workers to organize, and any penalties in relation thereto, are, in my opinion, purely federal, because, after all, trade and industry are matters of federal concern. You can not have one right in one province and another right in another province; and on the further ground of the desirability and the necessity of having uniformity in such matters I think a bill of this kind would be entirely within the scope of the federal parliament.

It has been claimed by the Minister of Labour that there are certain employers of labour who have denied to their employees the right to organize; that the employees who have organized have been penalized for attempting to become part of what one might call a legitimate trade union in Canada. If no penalty is provided for such employers of labour, then the right to organize becomes a mockery. In fact, the workers have not this right. Within recent times, within the last six months or so, we have had this right demanded by workers all across this dominion. The hon. member for Vancouver East (Mr. MacInnis) cited the case of Burns and Company at Vancouver, and a few weeks ago I referred to the employees of the Canadian Press who were being denied at that time the right to collective bargaining and the right, in many respects, to be recognized as a union. Illustrations galore could be given of men being intimidated and of ordinary

men and women being denied this right. The employee is not in the same fortunate or favourable position as the employer of labour.

The Minister of Labour referred to conditions in Great Britain. I think he knows more about the history of the trades union movement and more about the struggle of the masses in Great Britain than I ever knew. But there is a history attached to the growth of the trades union movement and the labour movement in Great Britain, and when the minister says it grew gradually by a process of mutual understanding between employers and employees, I do not think he was putting the case quite correctly. We in this country are years behind Great Britain in these matters. I am not now referring to the Trades Union Act of 1906 because, even if that were not in existence in Great Britain, we are still a long way behind that country in the scope of our trades union activities. One of the reasons why to-day there is in Great Britain more of this mutual understanding between employer ad employee is because the trades unions have grown in strength over a period of years until they have become so strong that they have not only earned the respect of employers of labour but also inspired them with fear.

There is a different situation in Great Britain from that which prevails in Canada at the present time. Here in the past few years we have been turning back the hands of the clock. Look at the recent legislation passed in the province of Quebec. Surely the hand of progress has been going backward during the past few years. One has to go back almost a century and a quarter to find a parallel. To show how the British trades union movement has developed, I might cite the famous Times case which was decided in 1812, under the Combination Act of 1799. Men who had tried to organize were found guilty and were sentenced to terms of imprisonment ranging from nine months to two years. This is what the judge said to the prisoners in the dock on that occasion, in 1812:

> Prisoners, you have been convicted of a most wicked conspiracy to injure the interests of those very employers who gave you bread; with intent to impede and injure them in their business and indeed as far as in you lay to effect their ruin.
>
> The frequency of such crimes among men of your class of life and their mischievous and dangerous behaviour to ruin the fortunes of those employers, which a principle of gratitude and self interest should induce you to support, demands of the law that a severe example should be made of those persons who shall be convicted of such daring and flagitious combinations in defiance of public justice and in defiance of public order. No symptom of contrition on your part has appeared, no abatement of the combination in which you are accomplices has yet resulted from the example of your convictions.

That is going back about 125 years, or a little more, and if we look at the history of the trades union movement we find its inception dates back to about that particular period. When they found that industrial activity was not sufficient to give them what they wanted in those days they turned to political action, and from political action they turned to industrial action. So, gradually, over a period of years there has grown in Great Britain the industrial and the political movements which to-day have become such a powerful factor for progress in the old country. It might be of interest to note the demands of the Chartist movement, which barely 100 years ago first became prominent in what one might call British democracy. What were its famous demands? One was equal electoral areas; the second, universal suffrage; the third, payment of members; the fourth, no property qualification; the fifth, vote by ballot; the sixth annual parliaments. To-day these demands look picayune because of the progress we have made over the years. If I may advance over a period of time and come down to the time when the Independent Labour party of Great Britain was born, they formulated a program which to-day looks so conservative and limited that one is inclined to express surprise at the timidity of those who formulated it less than half a century ago. There are many to-day who can still remember the formation of the British Independent Labour party. I myself have a very faint recollection of it.

Mr. LAPOINTE (Quebec East): But these reforms were achieved by the Liberal party.

Mr. HEAPS: Quite so; but when the Liberal party ceased to function as such, the Labour party took over where the Liberal party left off. I hope that the Liberal party in this country, even that section of the Liberal party which sits in this house, will take to itself at this juncture of our history those old and historic traditions which were so manifest in the Liberal party in the old country.

Mr. LAPOINTE (Quebec East): That did not prevent labour from turning against it.

Mr. HEAPS: The right hon. gentleman knows very well that if any good legislation is introduced by the Liberal party, it will have our whole-hearted support. I refer to

such historic Liberal principles as Liberals in the old country fought for—freedom of speech, freedom of thought—

An hon. MEMBER: Freedom to do wrong.

Mr. HEAPS: —and other principles which have characterized British Liberalism. When the Liberal party in this country gives to those principles the same expression here as Liberals gave over there, it will have our whole-hearted support. When the Liberals of Quebec will rise in their places in this house and condemn the padlock law, which is a violation of all Liberal principles, they also will have our whole-hearted support.

Mr. WOODSWORTH: I do not hear loud cheers.

Mr. HEAPS: As regards the Independent Labour party of Great Britain, what were their immediate demands in the platform of 1893? They asked for the abolition of child labour under fourteen years of age; a legal eight hour maximum working day; state provision for the aged, sick and disabled workers and for widows and orphans; abolition of indirect taxation and taxation to extinction of all unearned incomes, and work for the unemployed—every proposal for the purpose of extending political rights and democratizing the system of government. I point this out to my hon. friend the Minister of Labour when he speaks of the Labour movement in Great Britain, where he claims programs have been carried out by voluntary effort. My hon. friend knows how these efforts expressed themselves in the repeal of the Taff Vale judgment and the passing of the Trades Union Act of 1906. These things occurred because of the growing strength of the organized labour movement in Great Britain. And when, in 1918, the government of the day in Canada passed an order in council which stated that the workers had the right to organize, and contained other beneficial provisions, it was done at a time when labour was in the ascendency in this country and when the need for labour and for peace in industry was most urgent. It was in the latter part of the war, and consequently the provision was put into the order in council; but it was given no real effect; no real effect has been given to other and later expressions of opinion by the government, and I know the only way in which this can be done is by some form of legislative sanction.

An hon. MEMBER: But you must have the power.

[Mr. Heaps.]

Mr. HEAPS: Yes; it is a question of power, but it is also a question of opinion. The Minister of Justice (Mr. Lapointe) and our law department say that the government have not the right to enact legislation of this kind.

Mr. MARTIN: Will the hon. gentleman permit an interruption? I suppose one of the strongest intellectual foundations of my hon. friend's own political party, Professor Frank Scott of McGill university, has written and said over the air that this is clearly a "civil right," and under our constitution a matter with which this parliament cannot deal.

Mr. HEAPS: Does my hon. friend mean that Professor Scott has said that this bill is not within the power of this parliament to enact?

Mr. MARTIN: No. What Professor Scott said, in a series over the Canadian Broadcasting Corporation facilities in which I took part, is that freedom of association, freedom of speech, freedom of the press, and all these other aspects of liberty are, in so far as giving effect to them is concerned, matters that come under the heading of "civil rights," and under our constitution can be enforced only by the legislatures of the provinces.

Mr. HEAPS: I would sooner have the opinion of the same gentleman on this bill which is now before the house instead of upon a purely abstract question. I venture to assert that if Professor Frank Scott would go over this bill, he would be just as likely as not to say that it is within the power of this parliament to enact, because I know of bills which he has gone over carefully and which he has claimed are perfectly sound in law, but when they came within the minute inspection of law officers of the crown they expressed a completely different opinion from that of Professor Scott. So it is quite likely that if he had this bill before him, he would declare in an opposite direction to that expressed by my hon. friend on this occasion.

However, I have no desire to continue this discussion any further. I wish to express my strong approval of the principle contained in this measure. If we have legislation on the statute books of this country, it should be enforceable by law. If workers engaged in industry who want to organize are intimidated; if they are penalized because they attempt to exercise that right which we believe is theirs, and so find that in reality they do not possess it, there should be a dominion law which will give to the workers all across the land the unquestionable right to organize in unions of

their own choice so that they may be able to bargain collectively with their respective employers.

Mr. W. A. WALSH (Mount Royal): It is not my intention to intrude myself into this debate, but there have come to the fore one or two questions upon which I thought it my duty to make an observation or two.

The Minister of Justice (Mr. Lapointe) in a remark attempted to convey the idea that progressive reforms in England were instituted by the Liberal party and its adherents. I would invite the minister in his spare moments to review his British history and see whether he cannot satisfy himself that most of the reforms which were introduced into England from 1832 to the present time were brought forward by Conservatives and embodied in Conservative legislation. I do not need to particularize; but it will be recalled, for instance, that the two reforms of the electoral law were instituted by British Conservative governments, and the same is true of child labour legislation. I make that remark merely by way of correction. If we come to our own country we shall find that Conservatives have been in no way behind Liberals in introducing reform measures. The right hon. gentleman might recall to mind, among others, enactments of very recent date which prove that the Conservatives made at least a real effort to put on the statute books and give effect to legislation beneficial to the workers and intended to improve social conditions in this country.

The Minister of Labour (Mr. Rogers) has quoted opinions from the legal authorities who are at present in the service of the government. I shall repeat publicly to the minister the suggestion I have already made to him privately, that there should be attached to the Department of Labour a competent lawyer who is well and truly versed in matters pertaining to labour and labour legislation. It is all very well to go to the Department of Justice for a legal opinion; but if there were attached to the Department of Labour a lawyer who had given a lifetime of study to legislation of this kind, whose whole time had been devoted to such matters, we would get a legal opinion that would probably vary from that given by the ordinary lawyer at present employed in the Department of Justice. I agree with the hon. member who has just concluded his remarks, that if lawyers on the Liberal side were consulted in reference to this legislation, opinions would be received disagreeing entirely with that expressed by the Minister of Labour, which he had obtained from the lawyers in the Department of Justice. Lawyers do differ in their opinions from time to time; a great deal depends upon their attitude to the subjects under discussion and upon their background and training. I am sure that there are lawyers in this house who would disagree with the opinion expressed by the Minister of Labour.

I do not intend to debate the merits of this bill, but I agree with its purport. I think legislation of this kind is within the powers of this parliament.

Mr. MARTIN: I am for this bill if we have the power to pass it, and I should very much like to be told, since the hon. member has said we have that power, precisely on what basis he makes that statement. Exactly what is the basis for the statement that he has just made, that this parliament has the power to pass this legislation?

Mr. WALSH: I am not a lawyer—

Mr. MARTIN: But the hon. gentleman has made the statement.

Mr. WALSH: —and I do not propose to elucidate that statement. The hon. gentleman has a legal mind and training and he knows the reference that has been made. It is a point that has been amply discussed by the previous speaker, and I am quite sure that it would be the opinion of any lawyer who had interested himself particularly in labour matters and who had a background of that kind. It is for that reason that I am prepared to support the bill.

Mr. LAPOINTE (Quebec East): Does my hon. friend not know that this is entirely a constitutional matter? There are men in the Department of Justice who have made a life study of that branch of law, and I may tell the hon. gentleman that if he went there—because he interjected the remark that there might be some political affiliations—he would have some trouble in finding Liberals in the department.

Mr. WALSH: I am sorry that the Minister of Justice should have taken that view; I did not intend to make any such suggestion. I am sorry if that is the impression I have created. I merely questioned their opinion, and I wish to put beside that opinion the opinion of other lawyers probably just as competent.

Mr. LAPOINTE (Quebec East): Who are they?

Mr. WALSH: I could mention some.

Mr. LAPOINTE (Quebec East): Mention one.

Mr. WALSH: The minister probably knows at least one whom I could mention under the circumstances, but it is not my place to do so. I make that statement, however, as a reason for my support of the measure before the house. I believe I could find an opinion at least equal to that given in support of the minister's contention.

Mr. LAPOINTE (Quebec East): One name, please.

Mr. WALSH: I am not at liberty to mention names at the present time. The Minister of Labour knows of lawyers whom I could consult.

Mr. ROGERS: I certainly have not consulted any lawyer who has given an opinion contrary to that expressed by the Minister of Justice. I would certainly wish the hon. gentleman to be entirely free to suggest the name of any lawyer he has in mind who has expressed a contrary opinion.

Mr. WALSH: I urge again that the Minister of Labour endeavour to have attached to his department a lawyer whom he could consult without having to consult the lawyers in the Department of Justice. I agree with the points of view expressed by members to my left, and I am ready to support this measure on the basis of what has been suggested.

Mr. LAPOINTE (Quebec East): With regard to the hon. gentleman's last suggestion, that there should be attached to the Department of Labour a lawyer who would have knowledge of all constitutional matters, may I tell him that under the law, under the statutes of Canada, the Department of Justice and the Minister of Justice are responsible for any legal opinions arising in any department and for any legal work done in all the departments of government. Unfortunately for my hon. friend, therefore, even with his legal light installed in the Department of Labour, it would still be the Minister of Justice who would be responsible for the opinions given to him. May I tell my hon. friend also that when lawyers working in other departments are confronted with some difficult matter they always ask the opinion of the Department of Justice. They have more confidence in the officials of that department than my hon. friend has.

Mr. J. J. KINLEY (Queens-Lunenburg): In view of what the hon. member for Mount Royal (Mr. Walsh) has said, I may inform the house that the subject matter of this bill is Liberal reform, because the Liberal government in Nova Scotia passed in 1937 an act, being chapter 6 of the Revised Statutes of 1937, respecting the rights of employees to organize. It is almost word for word the same as the bill that has been introduced by the hon. member for Winnipeg North Centre (Mr. Woodsworth), and it indicates that Nova Scotia considers the matter to be within its jurisdiction. That province evidently believes it has the jurisdiction to pass such legislation, and it seems to me it would be utter folly for the parliament of Canada to try to invade the rights of a province after it has taken action on a particular question.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF AGRICULTURE

Marketing services—Live stock and poultry, $537,339.

Mr. LEADER: I do not want to delay the item unduly, but in view of what I said this afternoon, and having regard to the information that grew out of the discussion, I feel that I must reiterate what I said. Though I am sure the minister is actuated by the best intentions in the world, I believe he is off on the wrong foot. I suggest that we should give this project a 100 per cent test. We have had undertakings to place on the British market the product which I mentioned, fresh-killed meat. The minister gave us a certain amount of information this afternoon, when he told us that in the experiment conducted by the university of Saskatchewan meat processed at Montreal fetched a little lower price than British killed meat. Then he told us that meat processed at Saskatoon fetched still less than that processed at Montreal. It seems to me that if we would go just a little further and process this meat right at the Atlantic seaboard, we would have a chance to place this product in the British market in such a way that it would perhaps fetch a price equal to that paid for the home killed product itself.

The minister also told us that the government were to reimburse the packers for any loss they might sustain in this experiment. I want to say in all sincerity that I think the government would be well advised to go just a little further. There must be abattoirs on the Atlantic coast, at Halifax and Saint John; perhaps they are owned by the same people. Why not have this meat processed on the

Atlantic coast, as I have suggested, and give it that final and the only sure and fair test? So my suggestion to the minister is that in the interests of Canada and of this great industry we should do everything within our power to place the best possible product on the market that we hope to enter.

Mr. FAIR: I should like to refer to the statement made by the minister two or three hours ago, that we in the west should raise cattle and send them to the east coast for finishing. I have been wondering why we could not make use of our own products; why we could not send our grain out in the form of beef rather than pay high freight rates and have to put that grain through the exchange at Winnipeg. I believe we could escape that evil at least by sending our cattle to the seaboard in a finished condition. In that way I believe quite an improvement would be brought about to the advantage of the western farmer. Another thing I believe we should do is provide a steady market for our cattle. I have before me the numbers of cattle that have been shipped to the United Kingdom and to the United States since 1928, and there has not been at all a steady flow.

The CHAIRMAN: Order. Will the hon. member speak a little louder? The Hansard reporter has difficulty in hearing him.

Mr. FAIR: If hon. members would not talk quite so loudly, perhaps it would be a good deal easier to hear me. We find that our exports of cattle to the United Kingdom in 1928 numbered 405. In 1929 there was none exported at all. In 1930 the number was 5,400. In 1931 that number increased to 27,149. In 1932 it was 16,568; in 1933 it rose to 50,317; in 1934 it was 53,953; in 1935 it dropped to 6,704; in 1936 it rose again to 38,495, and in 1937 it decreased to 9,610. With an irregular flow like this, I do not think it is possible to maintain a worthwhile market, and I should like to support the remarks of the hon. member for Portage la Prairie, who suggested that the government had an opportunity through this experiment to do something beneficial for the farmers of the west.

Mr. FINN: When I came in this afternoon, Mr. Chairman, the hon. the Minister of Agriculture was speaking of "live stock"; and I felt that while I was not in the category about which he was speaking, I was still alive, and to prove it I am now on my feet. I was struck by the remarks of the minister this afternoon in explaining this item, as I was by the remarks of the hon. member for Dufferin-Simcoe (Mr. Rowe) who is leading the opposition to-night in the regrettable absence of the right hon. the leader of the opposition, and by the interest shown by that hon. gentleman in the development of cattle raising and cattle exporting from the maritime provinces. I was also impressed by the remarks of my colleague the hon. member for Queens-Lunenburg (Mr. Kinley). It seems to me that Nova Scotia—and I speak more particularly of the constituency which I have the honour to represent together with my colleague the other member for Halifax—has not been as progressive in this matter as might be wished. It is not my duty to speak for the entire province, but I should like to explain my position and what I believe to be the position of the cattle raisers of Nova Scotia and more particularly of my own constituency. I wonder if I could obtain the figures as to the exports of cattle raised in the maritime provinces or Nova Scotia, to the British market, through the efforts and under the general policy of the Department of Agriculture?

Some hon. MEMBERS: Carried.

Mr. FINN: I am not being carried; I am still alive. I may be able to obtain that information later, but it is a regrettable fact that in our province, and in the county of Halifax more particularly, we are taking a retrograde step in reference to this item, which is a branch of agriculture. When you go to the agricultural fair up in the Musquodoboit valley, which is one of the most fertile spots in our lovely province, you see on exhibition some of the finest cattle that can be seen in any part of Canada. If you go to the provincial exhibition in the city of Halifax you will find the same thing. If you go to the various county fairs throughout the province, in those counties where cattle can be raised profitably if given a fair show, you will see cattle that will compare favourably with what is known as western steer beef. I heard the minister say this afternoon that he was interested in the same breed of cattle as that in which the hon. member for Shelburne-Yarmouth-Clare was interested; I think it was the "Aberdeen-Angus." I do not know whether that is a mixture from Scotland and the premier of Nova Scotia, whose name happens to be "Angus" L. Macdonald. It does seem to me that the great obstacle, the great setback, the hindrance, to our people is largely due to the fact that the large corporations, such as Canada Packers, practically control the maritime market. They are not a great benefit in the city of Halifax or to the cattle breeders of the province. When tenders are called from persons engaged in the legitimate business of cattle raising and cattle

selling, these tremendous corporations, which sell directly to the wholesaler in Halifax and throughout Nova Scotia, tender also in competition. In nine cases out of ten the wholesaler is put to one side because Canada Packers would get the contract. The man in the wholesale business paying his income tax, his rent, his business tax, his city tax and his school tax, has to stand aside while this corporation, which has developed like the roots of the rubber tree in southern countries, obtains the business. Where those trees grow one cannot build a house, because once the roots of the tree are reached it is impossible to find the terra firma upon which to build, and the land in the neighbourhood of the tree must be abandoned as a possible site for building. If this sort of thing continues, agriculture in Nova Scotia and the other maritime provinces will become a thing of the past.

Let me give one further illustration which, to my mind, is convincing beyond contradiction of even the most technical expert in agricultural matters. Eatons and Simpsons have come into the maritimes market in the city of Halifax. In construction Eatons spent about a million dollars. They bought out Mahon Brothers, one of the two leading retail general dry goods stores, one which had a splendid standing in the community, and developed a large business. The Eaton company paid its help less wages, and followed a practice of taking some of them on for two or three days and then laying them off for a similar period. In connection with their store a groceteria has been developed in which they display, to a degree of which only Eatons and Simpsons are capable, beef and other agricultural products. The displays are presented in such a manner that the people flock to the store. While buying other things, they visit the groceteria, and on Saturday, which is market day, they buy their beef, eggs butter and cheese in those departmental stores.

The matter has developed to such an extent that on one occasion I thought it well to speak to the premier, the Hon. Mr. Macdonald, on the point. I said to him that I thought the effect of that type of trade was against the interests of the agriculturists of the province, and particularly those in the vicinity of Halifax. I was not speaking politically. Most of those agriculturists are to the north, northeast and east of Halifax city, across the harbour, on the Dartmouth side. We know that in the vicinity of Cole Harbour there is fertile land suitable for the raising of cattle and poultry, or in the production of eggs which some day may develop into chickens. We find that the farmers come in to Halifax from Cole Harbour, Eastern Passage, Cow Bay, Lawrencetown, East Chezzetcook, West Chezzetcook, Little River, Middle Musquodoboit and Upper Musquodoboit. They used to come to the market and stand around on the sidewalks of what was known as Cheapside, opposite the post office. There they sold the products of their farms and did a splendid business. Rain or shine they were there, without cover. At that time an attempt was made by the city council to drive them out. I was serving in the legislature of Nova Scotia—I do not raise the point through any desire to speak about myself—but "Joe Howe" preserved to them their interminable right to carry on their trade there, and I placed legislation upon the statute books to permit them to continue to carry on their trade on these sidewalks. Later on, the city of Halifax built a market on Market street.

What is happening to-day? Those people are doing scarcely any business. The people who do buy from them wait until late Saturday afternoon so that they may get something for nothing. In fifty per cent of the cases the farmers carry back most of their produce to be fed to the animals. They come back with their pockets empty because they have been unable to sell what they had produced on their farms. This condition is due solely to the great corporations coming into the market and taking part in every business under the sun—of course they have not attacked the sun or the moon. The result is that not only have they brought fear to the hearts of the farmers but they have brought unhappiness to the farmers' homes. The resoluteness of the farmer is gradually dying; the young men and women are leaving the farms and going to the cities and towns, even at the risk of facing unemployment.

In speaking about western beef this afternoon the Minister of Agriculture said that "the markets were practically controlled by Toronto and Montreal." Why should they be controlled in that way? Why should provision not be made under this very item for quotas from those provinces which produce cattle of a kind suitable for shipment to the old country? If such provision were made, there would be some impetus given to that kind of business, a trade which through no fault of their own the farmers have permitted to fall by the wayside. Such provision would give them and those who came after them some encouragement to stay on the land, and not to go the cities and towns to seek a precarious livelihood. I said to the Premier of Nova Scotia, Mr. Macdonald, that I thought there was one way of overcoming the difficulty,

and that was to put a heavy tax on corporations such as Eatons Limited and Simpsons Limited. My observations are not directed particularly against those two companies; I am referring to other companies as well which are driving the farmer out of business.

The old merchants of Halifax are a thing of the past. You may go along Barrington street or along Granville street outside Wood Brothers, and you will not find any of the old firms left. The only wholesale house doing a drygoods business in Halifax to-day is the house of J. & M. Murphy, which is one of the oldest and weathered the gale. When we think of those old merchant firms we think of Mr. T. E. Kenny, who was once a member of this chamber and an honoured citizen, and we think of Burns & Murray, Doull & Miller. I look back upon those old reliable firms which were carrying on when I was a boy; at that time also there were ten or twelve wholesale grocery merchants in Halifax, but only one or two have survived. They are gone. Our industries are gone. Two or three are left, but the rest have been taken holus-bolus to Montreal. That is not the cattle industry either.

I would say to the minister that if they had remained, cattle would be used, cattle would be bred and cattle would be purchased from our own farmers. I do not desire to take a sectional view of this matter; I want to consider it broadly. However, we are at the extreme east of this great dominion. This is the time when there are differences between the various provinces as to the question of jurisdiction under the terms of the British North America Act. A royal commission, at the head of which is Chief Justice Rowell, is now sitting to consider these matters. There is a great diversity of opinion among the provinces, and one of them has come before the commission and said, "No, we will give you no information." This is a critical time in the history of Canada, and the country is not being welded into a whole as it should be.

The CHAIRMAN: I would point out to the hon. member that he is not confining his remarks to the item before the committee which has to do with live stock and poultry.

Mr. FINN: I have all due deference for your rulings, Mr. Chairman; but as I said once before, matters have been discussed which involved in their finality the very matter to which I am referring. If I am not in order, if I cannot extend my remarks to the ultimate goal and the ultimate finish, then let me say that while I have not gone the distance I might have gone, I believe I have said sufficient to bring this matter to the attention of the committee, and the people whom I represent. I am on the right road, and I shall go the limit at the proper time when the order paper is clear and no question can be raised as to whether I am in order or out of order. I am looking to the ultimate results that can be achieved by a proper development under this item which has to do with live stock and poultry.

I have a suggestion I should like to make to the minister and to the technical officers of his department. If it is possible to do so, a quota should be allowed to the farmers and poultry raisers in Nova Scotia. An officer of the department should go there to see what cattle would be acceptable to the markets of Great Britain or Europe, we should not forget that the nearest point of shipment is Halifax. I am not talking against the port of Saint John or the summer ports on the St. Lawrence river; I say this in order that our people may feel that some interest is being taken in their welfare. A survey should be made of the possibilities of these maritimes. I know the Minister of Agriculture is interested in this matter. He has assiduously and fearlessly addressed himself to the problems involved. Through personal contact he has kept in touch with the markets abroad. He has studied these problems in the best way possible, and I believe the matter is safe in his hands and in the hands of his technical advisers.

I submit that the people of the east, particularly those in Nova Scotia and in my own constituency, should be given a chance. If they can produce live stock and poultry which come under this item, they should be allowed an export quota. If that were done, it would offer them considerable encouragement and would be better than any "back to the land" sign you could put up. It would illustrate that "back to the land" means something. The people on the land would be able to feel the coin in their pockets, and others would see possibilities of making a living by going back to the land.

Mr. THOMPSON: I should like to direct the attention of the minister to the dissatisfaction that exists throughout the farming community in connection with the grading of hogs. The farmers who have been in the bacon hog business for years know a select hog better than do some of the graders. Some of them have been taking particular pains to feed and breed these hogs, but when they send shipments to the abattoirs they find that they have only one or two selects. There is a strong suspicion that some influence is brought

to bear upon the graders who are at the abattoirs all the time and that the farmers are not getting a square deal. I find this dissatisfaction existing all over the country. I know of one farmer who had a lot of some twenty-five bacon hogs. I looked at them and I judged that at least twenty were selects. They were Yorkshires and had been fed and bred in the proper manner. When this man got his return from the abattoir he found he had only three or four selects. Will the minister investigate this matter because I feel an injustice is being done to the producers of bacon hogs.

Mr. FINN: Just before the minister answers that question, may I say I was developing a point and I do not want to leave a wrong impression. I was referring to a conversation I had had with the premier of Nova Scotia in connection with imposing a tax. That tax was not to prevent the concerns to which I referred from doing business. The suggestion was that they should make a statement to the provincial secretary of the cattle and other farm products purchased in the province, and the tax would be lessened by the amount purchased to a minimum which would be fixed, and that would be the business tax.

Mr. ROWE (Dufferin-Simcoe): What progress has been made in the grading of hogs on the rail instead of on the foot?

Hon. J. G. GARDINER (Minister of Agriculture): There are two methods of grading hogs; one is to grade them while they are still running around, and the other is to grade them after they have been hung up on the rail. It is much easier to grade them after they are on the rail because they can be fully examined. For a considerable number of years before I was in the department, it had been promoting the idea of rail grading. There was considerable opposition to this at first, as there is to any idea being introduced for the first time. However, there has been an increasing satisfaction with rail grading as compared with grading of the hogs while they are still alive. The figures indicate this growing satisfaction. In 1935 the number of carcases graded on the rail was 115,209; in 1936, 447,493; in 1937, 1,002,541. In those three years the figures have risen from 115,000 to over 1,000,000. Those are very satisfactory results, encouraging people at least to accept rail grading. It is much easier for any person to be satisfied with the grading when it has been done in that way.

But there has been objection taken to rail grading by those who are in the trade, and on occasion also by individuals; the objection is based largely on the idea that our hogs are purchased mostly by private packers, and some people maintain that they would much prefer to have the hog graded while still running around and while they can dispose of it in some way, to having it hung up on the rail in a packer's plant and graded there. Rail grading has been developed to the highest point, I think, in Denmark where, as I said the other day, hogs are bred by the co-operative, in the first instance; where they are fed by the cooperative, and sold and marketed by the cooperative, the whole process right through being carried on in that way, and where that is done there is no difficulty in rail grading even up to 100 per cent. But here it is a case of persuading the people to accept rail grading as against the grading of the hog while still alive. I personally have had my own doubts. I sell some hogs from time to time from my own farm, and I do not know that I have been entirely satisfied that I got all the selects I should have received. I doubt very much if any of us are entirely satisfied with the grading of our live stock, or our grain, for that matter, unless we get top grade all the time. It is just possible, nevertheless, that there are some things which can be improved upon in connection with the grading, and an attempt is being made from time to time to make those improvements and to make it more easy to avoid mistakes, to put it mildly, in the grading, or an attempt on the part of some to take advantage of the fact that the farmer does not always know what the grade is.

Mr. BARBER: I think the province of British Columbia has not been considered a very heavy producer of swine, and there have been reasons for this in the past. One was the high cost of feed and other conditions that prevailed in some dairying districts, but of late years there has been a great effort made to revive and bring about an increase in the production of hogs. I was reading in the paper only to-day of one hog farmer in the lower mainland of the province who is producing about one thousand head a year, and another one about five thousand. But when one looks over the statistics one finds that we are importing into the province about 99 per cent of the ham and bacon we consume. The minister is aware of the fact that this industry is being organized on a large scale; that associations have been formed, and that a large number of farmers in the lower mainland of the province have joined these associations.

I notice that swine graders are being provided for in the item before us. Let me

remind the minister that during the last two or three months representations have been made to the live stock branch by the swine associations of the lower mainland for the appointment of a field man or a swine grader. I should like to know if the minister has taken that into consideration and if any provision will be made in the estimates to provide for such an official in that district?

Mr. GARDINER: Arrangements are being made at present to have a man established in British Columbia who will take charge of the grading of hogs in that province. That service was not previously given by the department in British Columbia; but the numbers produced, as has been indicated by the hon. member, have increased, and we feel now that we should give that service to the province.

Mr. BARBER: Will this official be grading on the rail at the abattoirs or will he also act as a field man, so that the farmers could get some information on the type of hog they should raise and how to improve them?

Mr. GARDINER: The one man at that particular point will do both. He will grade in the stockyards on the hoof, and also grade in the packing plant on the rail.

Mr. THOMPSON: Has the farmer any say at the present time as to how these hogs are graded? Can he have them graded on the rail or graded on the hoof as he desires?

Mr. GARDINER: It is for the farmer to decide whether they shall be graded on the hoof or on the rail.

Mr. THOMPSON: When he sells to the drover, and the hogs go into the stock yard, has the farmer the right to say: "I want these graded on the rail," or "I want them marked," and then have them forwarded on as they are to the abattoirs?

Mr. GARDINER: It is a deal between the drover and the farmer. They can be graded on the rail if he makes that deal with the drover.

Mr. THOMPSON: He has the option?

Mr. GARDINER: Yes.

Mr. THOMPSON: I think every encouragement should be given to the farmer because if the dairy cow and the bacon hog in eastern Ontario are eliminated, the farmers would go bankrupt. Those are their greatest assets, and I am pleased to know that the minister is giving the matter his consideration and giving more thought to the grading of hogs.

Mr. GARDINER: With regard to the remarks made by the hon. member for Halifax (Mr. Finn) and the hon. member for Dufferin-Simcoe (Mr. Rowe) as to the number of cattle that can be shipped from Nova Scotia, I have the figures here from 1932 to 1936. Beginning with 1932, the number of cattle exported from Nova Scotia to all other markets was in that year 999; in 1933, 213; in 1934, 918; in 1935, 765; in 1937, 1,007. As to the number sold directly to the packers, I have not the figures for 1932 or 1933; but in 1934 the number was 1,275; in 1936, 102; in 1937, 370. That is, as the numbers exported went up, the numbers sold to the packers apparently went down. The grand total of cattle marketed in the different years, according to these figures, was in 1932, 240; in 1933, 212; in 1934, 2,210; in 1935, 955; in 1936, 1,409. As against that, store cattle were brought in, in 1933—I have not the figures for 1932—to the number of 36; in 1934, 64; in 1935, 46; in 1937, 1,365. It will be seen that the number of cattle brought in during 1937, 1,365, is about 100 less than the total number marketed through the packers or through export. This indicates that practically all of the cattle which are produced in the province of Nova Scotia are slaughtered locally and consumed locally.

Mr. KINLEY: How many were brought in from the drought area?

Mr. GARDINER: I should judge that most of them were, but that illustrates the point which was up this afternoon and again this evening. It would be very difficult to select 1,300 cattle from Nova Scotia to be shipped out, even under the test we are following, if we took all that were available. There has been only one year when that number was shipped from Nova Scotia.

Mr. FINN: Why would that be?

Mr. GARDINER: The chief reason, I suppose, would be that they have been gradually going out of the production of cattle, and agriculture has been somewhat backward in the province from time to time.

Mr. FINN: Lack of markets.

Mr. GARDINER: But I do not know why that should be the case. My views about that are pretty much the same as those of the hon. member for Halifax. The people of Nova Scotia are located close to port. Some of the cheapest feed which can be found in the world can be shipped to Halifax at a lower price than it could be shipped anywhere else in Canada; even if they are not breeding cattle and producing them there themselves, I cannot see any reason why there could not be developed a good feeder industry in Nova

Scotia, and it is in the hope that we may be able to develop that industry that we have been encouraging the shipment of cattle from the west to Nova Scotia and to New Brunswick during the last few years. I think this figure for 1937 will be accounted for largely by the fact that we have been encouraging these shipments. The increase from a few hundred a few years ago to 1,409 last year is probably partly accounted for by that.

Mr. FINN: The minister said that the figures he gave included shipments to Europe as well as —?

Mr. GARDINER: That is all the exports out of the province.

Mr. FINN: Not to any particular place. Then, might I ask the minister with reference to the 1,007 in 1937, an appreciable increase and pleasing to hear about. Were the cattle which were sent in for that purpose sent to people who were raisers of cattle in Nova Scotia, or did they go to special interests there?

Mr. GARDINER: I have not the figures before me as to how many cattle which went in under the special policy adopted two years ago are included in these figures, but a considerable number of cattle were purchased in the drought area of western Canada both for Nova Scotia and for New Brunswick in the fall of 1936 and again last year.

Mr. FINN: That is, by the agriculture department?

Mr. GARDINER: No. The Department of Agriculture pays the fare of an individual from eastern Canada who wishes to purchase a carload or more in the west, and then the person purchasing the cattle comes back with the cattle; so that the fare of the individual is looked after in going west to buy cattle in the drought area. Then we paid one-half the freight provided the individual kept the cattle for three months and fed them; at the end of the three months we paid one-half the freight on the cattle shipped through. That was done particularly for the purpose of assisting people in getting rid of their cattle in the drought area and for the purpose of encouraging people in the far eastern part of Canada to import cattle from that area and become feeders of cattle.

Mr. FINN: Would it be possible to obtain from the statistical branch of the minister's department, as regards the 1,007 cattle that were shipped in 1937 from the drought area to Nova Scotia, who were the purchasers of those cattle, where the freight was paid or partly paid, the fare of the person who went for them, where he came from and who he was, whether he was a farmer or just some person who went out like a cattle buyer or a horse buyer—they are sometimes called something else?

Mr. GARDINER: These figures can be obtained. I have not them here with me this evening, but the information with regard to the individuals who purchased cattle and obtained payments can be furnished.

Mr. FINN: Thank you.

Mr. MacKENZIE (Lambton-Kent) I am not quite clear what the departmental rulings are with regard to the marking of hogs. Formerly a drover bought hogs from the farmer and graded them in the pen or the shipping yard before they left the shipping point. I believe that is still the practice in some places. The instructions which the department is now sending out are that each buyer must mark the hogs individually and make payment for the hogs on the basis of the official grading returns. This has caused a good deal of dissatisfaction in some places, and I want to know if that is the universal ruling of the Department of Agriculture or if it is simply applicable in some places.

Mr. GARDINER: The regulation is that all hogs have to be graded. If there is any doubt with regard to the grading, it can be required that the hogs be marked, and when they go to the central point they are regraded; but the general practice is that when the drover buys hogs he marks them, and there are very few people who raise complaints. The idea is that when he once takes them in at the central point they are his hogs; but the regulations require that if the person is not satisfied with the grading, he can have the grading checked.

Mr. MacKENZIE (Lambton-Kent): The understanding I have is that the department has sent out instructions to the buyers that they must mark all these hogs separately, individually, before they leave the shipping point, and they are paid for on the basis of the official grading returns as they are killed in the abattoir.

Mr. GARDINER: I understand there is some difficulty from time to time, and I am informed there has been some in the area from which my hon. friend comes; but my information is that wherever difficulties of that kind have arisen—and it applies to the case in question—the department has insisted that these hogs be marked, and that has been done in at least some cases in the area to which he has referred.

Mr. ROWE (Dufferin-Simcoe): Would the minister consider the advisability of a regulation to have all hogs graded on the rail, in the interests of the export end of it and in the interests of the hog industry generally?

Mr. GARDINER: We have considered the advisability of it. We have not felt that public opinion is sufficiently behind it to warrant doing it at this time. When we are convinced that the public are ready we shall, of course, be prepared to make any further provision necessary.

Mr. ROWE (Dufferin-Simcoe): The department more or less agrees that this is the more efficient way?

Mr. GARDINER: Yes; the department agrees that it is the more efficient way.

Mr. THOMPSON: Regarding hog grading, I might say it was customary for the drover to grade the hogs, but one can understand that the drover gets in wrong with a great many of his customers if they think they have not as many selects as they should have; the majority of the drovers do not care to grade these hogs when they buy them, so they are marked and sent on to the abattoirs, where the government grader grades them, but the raisers of the hogs have to wait until the next shipment before the drover gets back his returns and pays them $1 apiece for their selects.

I see by this item that there are senior swine graders, swine graders and junior swine graders, and I should like to know the difference between them. There are three senior swine graders, fourteen swine graders, and twenty-five junior swine graders, and they are all paid different salaries. What is the difference?

Mr. GARDINER: The names applied to them describe pretty clearly what the difference is. The junior man is the man with the least experience; he has not as great a responsibility as the senior. The junior has the least experience, the swine grader next, and the senior swine grader is the most experienced.

Mr. MacKENZIE (Lambton-Kent): There is an impression in our part of the country that the premium of $1 a hog is not large enough to encourage the farmers to produce the proper type of bacon hog.

Mr. GARDINER: The amount now is $1 a hog.

Mr. SENN: What control, if any, is exercised over the differential in the different grades of hogs? It is true that the premium for select hogs is $1; but when you get light hogs, even if they are the right type and the proper conformation, sometimes there is a differential between the bacon price and the price of the live hog; and similarly with heavy hogs. Sometimes the differential is quite large. In some instances this creates a certain amount of dissatisfaction in the minds of the farmers. Does the department exercise any control in that regard?

Mr. GARDINER: The only control is in the matter of the premium of $1. As regards other differentials in other grades, that is a matter of agreement between the buyer and the seller.

Mr. SENN: What progress is being made in the grading of beef? I understand that an attempt is being made to grade beef and to have certain grades established.

Mr. GARDINER: There are two established grades, and in British Columbia, in three cities, they are establishing four. Those are compulsory. There are two optional grades established by the federal government.

Mr. SENN: I know there are two grades of beef, different labels, but I want to know what progress is being made by the department towards the universal grading of beef. Is any attempt being made to make it country-wide?

Mr. GARDINER: The question of expansion has been considered from time to time. What is now being done in British Columbia is only an experiment, and if it works successfully it probably will be more widely applied across Canada.

Mr. SPENCE: I have listened with a great deal of interest to this debate, and to me it is wonderful the number of friends the dear farmer has in this house. If the farmer is not doing the drover, the drover is doing the farmer; but for my part I have never yet seen a farmer that anybody could do, and except for the last three or four years I have been dealing with them for thirty or forty years. If ever I was trimmed it was by a farmer, because I have always watched the business man or the dealer, but I never thought of watching the farmer. That is why I got trimmed.

Mr. FINN: Who watches you?

Mr. SPENCE: If you try to trim me, I may try to trim you; but if you give me a square deal I will give you one. I am willing at all times to make contributions or grants or subsidies to the farmers in order to assist the country, because without happy, contented farmers we cannot be happy; but I do not want to make the farmer so helpless that he will not be able to do anything at all for himself. If we go on in this way, doing,

necessary work for everyone, I am afraid we shall become a nation of imbeciles who will not be able to think for themselves, and that is bad policy.

I congratulate the hon. member for Halifax upon the remarks he made in regard to conditions in that old city which I knew so well years ago. There were quite a number of respectable wholesale houses there, but they were driven out by the chain store system. In my opinion, that system has done more to ruin the country than anything else. It is the same with big combinations of packers. They will drive out ten or fifteen wholesale business firms, respectable businessmen of high integrity, and they will do it ruthlessly. They steal all the business they can from everyone. I have absolutely no use for the chain store system, and in my opinion the government should have taxed them $1,000 for every store in Canada over one store in any city or town. If that were done, the country would be much better off. Money used to flow freely through everyone's hands; but to-day it is confined to a few, and it is in the control of big packers and the big interests. You can blame governments and no one else for this condition. You can talk until you are crazy and you will not get governments to take action.

An hon. MEMBER: What has that to do with the marketing of live stock and poultry?

Mr. SPENCE: It applies to the marketing of beef, which the Minister of Agriculture is trying to assist.

The CHAIRMAN: The point of order is not well taken.

Mr. SPENCE: I understand that the minister is trying to assist in building up a market for meat killed in Canada and shipped to the old country. Is that right?

Mr. GARDINER: Yes.

Mr. SPENCE: I endorse all that, but I will not endorse the establishment of a big abattoir at Halifax or Saint John, because I know something about abattoirs. I was in the city council of Toronto once and we established one. It was said that it would reduce the cost of living, and the city of Toronto paid from $50,000 to $200,000 a year loss. That is what will happen in connection with this proposal. No doubt the minister will agree with the abattoir that they should take over the offal, and they will get a considerable sum from that. They will get a good deal of money from the hides and so on.

Mr. McNEVIN: Will the hon. member permit a question?

[Mr. Spence.]

Mr. SPENCE: No; sit down. To-day there is a duty of 3½ cents a pound on animal fat going into the United States. Fat here is very cheap and still we are bringing in vegetable oil free. I am afraid that if we get mixed up in the running of an abattoir, no one will know what the loss will be. It is suggested that the farmers should be reimbursed for their loss, but who will say what the loss is? If you kill twenty-five or fifty head of cattle and ship the product to the old country, every farmer who owned any of the cattle would demand compensation for loss. I submit that those who are charged with the responsibility of handling public money should handle it as carefully as their own. If the department is endeavouring to obtain the highest possible price for a farmer's cattle, expending the country' s money in that effort, then I think he ought to be ready to take a chance too, and has no right to be reimbursed. It seems to me that we are getting more and more to the stage where apparently no one is fit to do his own business. Even men who think themselves smart are advocating that sort of thing in this house.

As I say, I am willing to do anything within reason to assist the farmer. In fact, I have made my living off the farm and you will not find any man in the province of Ontario who will say that I ever gave the farmer anything but a square deal. So I do not want it said that I am criticizing money spent to help build up business between here and the old country, because that is where we should build up our business, and not so much between Canada and the United States. I think we should pay less attention to the United States, because it is a most unstable market. They will take your goods for a week or so, if they need them; then, overnight, when you are caught at the border, they will put on an embargo or, if they do not put it on, they will ask the railways to do so. I remember that once, some years ago, I went to Winnipeg to buy ten carloads of western potatoes to be shipped to the United States. I had three carloads at the border, I think it was near Detroit, when I wired my son in regard to the potato market in the United States. He wired me at once to get away from the potato market, that the United States had gone hooey and there was no market for potatoes, so I was stuck with those potatoes at the border. That is the way in which the United States does business, and we should treat them in the same way. We are not looking after ourselves in this country at all; we are just hewers of wood and drawers of water, raising families and educating them in this country, then sending them to the United States to build

up industry there. That is what we have been doing for many years, but now they do not want our people any more. They did take our best educated people, however, for many years, and we kept this country poor educating them. In Canada we have men equal to those anywhere in the world; you cannot get better. I do not want to start saying that our people are so much better than those in other countries, but they are a very high type of people, and we do not realize just how good we are.

An hon. MEMBER: What about poultry?

Mr. SPENCE: I do not know anything about poultry, so I am not going to talk about it. But I do know something about abattoirs; I was for some time chairman of the abattoir committee of the city council of Toronto; I visited that abattoir every day for two years and saw what was going on. It was an absolute mess, and if you get into that business you will get into another mess. Let somebody run the abattoir who knows how to run it, and if you can, tie him up so that he cannot do anything wrong. That will be difficult, however, if you are dealing with Canada Packers, because I have no faith in them at all. However, I am not here to criticize the packers any more than anyone else. I am certainly opposed to monopolies of all kinds; I have always been opposed to them. I say to-day the individual should get the chance to do business, but he is not getting it. The man with the best brains, the man who works the hardest, should be allowed to make some money. To-day you cannot make money unless you are a monopolist and have barrels of money. A few hundred thousand dollars is not enough; men with millions of dollars come along and drive you out of business. That is what is happening to-day in Toronto and Montreal. Hon. gentleman do not realize just how bad things are in the business world. I am not going to cry blue ruin, but just watch what may happen in the near future.

Mr. McNEVIN: I take no objection to the hon. member for Parkdale not desiring to answer a question, Mr. Chairman. In fact I am in agreement with him in regard to the erection of an abattoir at the Atlantic coast. I think it would be an expensive experiment at the present time. I rose to point out that I think there was a period in the history of the Toronto civic abattoir when, under efficient management and without interference from the city hall, that abattoir operated successfully and showed a profit.

Mr. SPENCE: It always lost money.

Mr. McNEVIN: Will the hon. member just do as he requested me to do when I asked him a question—kindly sit down and let me finish?

Mr. SPENCE: I shall keep quiet.

Mr. McNEVIN: I am also in agreement with the idea that to a large extent we have a meat monopoly in the Dominion of Canada, and I do not think any monopoly operates to the best advantage of the majority of the citizens of this country.

Mr. PERLEY: Mr. Chairman, it has been interesting to listen to the discussion this evening. I must say that I am not wholly in agreement with the hon. member for Parkdale, and I do not like to disagree with him, because I am generally in accord with his views.

Mr. SPENCE: The hon. member wants to be spoon-fed all the time.

Mr. PERLEY: Well, certainly I do not agree when he says that he was always done by the farmers. I do not think the farmers intend to do anybody. I believe if a census of the honest people of Canada were taken, you would find as many honest farmers as you would find honest men in any other line of business.

Mr. SPENCE: I did not say anything to the contrary.

Mr. PERLEY: It was interesting to hear the minister give the results of the trial shipments of fresh beef, and I certainly commend the department for what it is endeavouring to do in the way of shipping fresh beef to Great Britain. I would support many of the suggestions of the hon. member for Portage la Prairie. The figures quoted to-night in regard to the shipment of live animals show that there has been no continuity in these shipments, with a very great differential between the high and low marks. For instance, in 1934 there were some 53,000 animals shipped. In 1935 that dropped to about 6,700. Then in 1936 it went up to 38,000, while in 1937 it was back to 9,000. It is quite apparent that you cannot have a market of any real value when there is such a fluctuation from one year to another, and I agree with the minister that it is quite proper to endeavour to develop a market for chilled or dressed beef. We might keep our shipments of live cattle to an average number, maintaining continuity in that respect, and then I think we could find a vast market for our dressed and chilled meat.

I want to refer briefly to dressed poultry. Saskatchewan is noted not only for its wheat and beef but also for its poultry I would

remind hon. members of this committee—and no doubt the record can be found in the Department of Agriculture—that under the former Minister of Agriculture, Hon. Mr. Weir, a trial shipment of dressed poultry was sent to Great Britain, I think in the fall of 1931. That shipment, which consisted of some 800,000 pounds of dressed poultry, principally turkeys, was accompanied by an official of the department. I believe at least 80 per cent of that shipment came from the province of Saskatchewan. The poultry was dressed under the instructions of the officials of the department, and according to the report that came back the shipment was well received. The Saskatchewan birds found a ready market, and compared favourably with the home grown birds. I wish the minister would pursue some experiments, make some further trial shipments, with respect to poultry.

I might also remind the committee that in 1931, owing to the efforts of the government of that day and particularly of the Department of Agriculture, the embargo on cattle entering Great Britain was removed or the time within which they had to be slaughtered was extended. At that time I believe the live animals were permitted to enter and go to feed lots or to pasture. I think the records can be found in the department showing that a trial shipment was made of two carloads of cattle, one of which I think was of the Poll-Angus breed. One carload went to the feed lots and the other carload turned out to pasture, and the result was extremely favourable. Apparently the grass cattle took to the pasture over there readily and made wonderful gains, and that was also the case with the feed lots. That would open up a market for a different quality or weight of animal, and I understand if the right type and grade of live animal is shipped, a market might be developed for that lighter weight animal. Those are matters in connection with which the Department of Agriculture should be commended. There is a great market over there, and I trust the minister will bend every effort towards making further trial shipments and further experiments with respect to this matter.

Could the minister give the committee some information with respect to the number of cows shipped to the United States in 1935, 1936 and 1937?

Mr. GARDINER: With respect to dressed poultry may I say that in 1931 the total number of pounds shipped to all countries was 298,000. That is a greatly reduced figure from those which prevailed about 1925; considerable quantities were being shipped at that time. The figures respecting shipments to all countries are as follows:

Year	Pounds
1932	910,000
1933	1,552,000
1934	1,688,000
1935	3,164,000
1937	4,139,000

The quantities to the United Kingdom are as follows:

Year	Pounds
1934	1,428,000
1935	2,831,000
1937	3,509,000

The amount of dressed poultry shipped to the United States is very much less, but a great volume of live poultry is shipped to that country. I believe there is a greater volume of live poultry shipped to the United States than of dressed poultry to Great Britain.

Mr. PERLEY: What have been the results of shipments to Great Britain? Are they living up to the trial shipments so far as quality is concerned, and how were those shipments received?

Mr. GARDINER: Yes; the quality is improving as they go along and as they obtain more experience. When I was overseas two years ago I found that the main criticism with respect to our poultry was not as to quality but as to the fact that it was not standardized. When the British retailer buys a box containing two or three dozen chickens he wants to know how much each will weigh when he takes it out of the box. Those chickens are sold to families of a certain size which require birds weighing a certain amount. The main criticism with our production was that while our poultry would come over in even better condition than the poultry from central European countries, it did not sell as well, because when the box was opened the merchant never knew what the size of the chicken was going to be. On the other hand, the chickens coming from central Europe were of uniform weight, and the weights were marked on the ends of the boxes. That seemed to be the main criticism, and we are attempting to overcome it by trying to improve our own packing. Grading has been developed along the same lines as the grading in connection with other products, and is gradually improving.

Mr. PERLEY: Was there any way by which the people could tell from what part of Canada the different shipments came?

Mr. GARDINER: No; they are just marked "Canadian"; that is the only mark placed on them.

Mr. THOMPSON: In view of the fact that the quota to Great Britain has not been filled, can the minister say why the hog population of Canada decreased in 1937?

Mr. GARDINER: I have not the figures for 1937, but I am informed there was no decrease in the number in that year. On the contrary, there was a slight increase, although it may not have been as great as in previous years.

Mr. THOMPSON: How many trial shipments of fresh eggs were sent to England in the last year?

Mr. GARDINER: In answer to the hon. member's former question the figures show that in 1935 the hog production amounted to 2,957,000; in 1936, to 3,796,000, and in 1937 to 3,966,000. It will be seen that there were about 170,000 more in the last year than in the previous year.

Mr. THOMPSON: I asked for the hog population.

Mr. ROWE (Dufferin-Simcoe): Those are production figures.

Mr. GARDINER: Those are the figures for hog marketing. I am not just sure as to how the population stands.

Mr. THOMPSON: Would the minister answer my question as to how many trial shipments of fresh eggs were sent to Great Britain last year?

Mr. GARDINER: There has been a total export of a million and a quarter dozen. Four carloads were assembled in Montreal.

Mr. ROWE (Dufferin-Simcoe): Were any trial shipments of fresh eggs made by the government last year?

Mr. GARDINER: The shipments are not made by the government. They are made by the packers, but the government assists in the assembling and grading of them.

Mr. TUSTIN: In connection with the grading of hogs the minister said it was not compulsory to have hogs graded on the rail. If a farmer brings a load of hogs and the drover grades those hogs on foot, how must the drover sell them to the abattoir? Does the abattoir accept his grading, or are they graded on rail by the abattoir?

Mr. GARDINER: The hogs are graded under government direction, and the packer accepts the grade given by the government inspector.

Mr. TUSTIN: But where the drover buys hogs and grades them himself, on foot, will the abattoir accept his grade when he sells them to that abattoir, or do they grade them on the rail?

Mr. GARDINER: I understand the abattoir accepts only the government grade.

Mr. TUSTIN: Do I understand that they do accept the government grader's grade on foot?

Mr. GARDINER: The packer must accept the government grade.

Mr. TUSTIN: According to the report of the committee which studied marketing in England, we find that each egg was labelled "empire." Is that still done, or has there been any amendment to the regulation?

Mr. GARDINER: The regulation is in the old country, not here. I know, however, that they must be either graded with the name of the country from which they come, or marked "empire." Canadian eggs can be marked either way, but they must be marked one way or the other.

Mr. TUSTIN: There is no regulation in the department stating they must be stamped with the word "Canada"?

Mr. GARDINER: If the regulations are applied to eggs, there will be, when the new regulations go into effect. But up to date there has not been any.

Mr. TUSTIN: I know several shipments have been made from Napanee. As a matter of fact, fifty cases of fresh eggs were shipped last week to the old country and each egg had stamped upon it the word "Canada."

Mr. GARDINER: They would have to be stamped one way or the other.

Mr. SENN: The other evening we had some discussion about our shipments of bacon to the mother country. There is no doubt that this forms one of the most important items of export to Great Britain. The prices we receive in Great Britain do not compare very favourably with the prices received for bacon from Denmark and other countries. It has been said, I believe with a great deal of truth, that the prices received for our Wiltshire sides of bacon in the English market determine to a great extent the prices paid to the farmer in Canada. If we were receiving the same prices in England for our bacon as is received by Denmark and other countries, it would mean possibly a cent or more added to the price of hogs in Canada. Whether the difference would be as much as that, I do not know, but there is no doubt that there would be some difference, to the benefit of

the farmer. In the report known as the Shaw report there is a good deal of discussion about the type of bacon that goes to the mother country. I notice that under the heading, Selection and Grading, the following is said:

> The grading and selection of Canadian bacon are not entirely satisfactory and must be improved. Selections are occasionally mixed, and, less frequently, grades are inaccurate.

The other night I made some reference to the fact that our bacon is not all inspected as it goes out for shipment to the old country; that there is simply a sample inspection. There are not too many abattoirs in Canada from which shipments of bacon are made to the old country. We already have government graders and inspectors at the abattoirs, and I think it would be possible to see that the very best grade of bacon is baled. While I am on my feet I should like to refer further to this report. The statement is made that there are not enough Wiltshire sides shipped to the motherland, but that there are large quantities of what are known as box cuts and hams being sent to this market. The statement is made by the wholesalers over there that the large quantities of Canadian cuts have a depressing influence on the price of Canadian Wiltshires. It seems to me that something might be done, perhaps more than is being done now, to ensure that more Wiltshire sides of the proper size and grade are sent to the motherland. I have in my hand a pamphlet entitled, A Letter on Canadian Live Stock Products, dated February, 1938. Some reference is made to the size of bacon sent to the old country. There are three grades, and I understand within each grade there are three sizes. The standard grade runs between fifty-five and sixty-five pounds to the side. This is what is said in this letter:

> In 1937, the bacon from Canada was exported in two grades, "A" and "B." Of the total shipped, 84 per cent was grade A and sixteen per cent was grade B. But only twenty-five per cent of the total export was of grade A sizeable, No. 1 selection, and sixteen per cent grade A sizeable, No. 2 selection.

The No. 1 selection is that which runs between fifty-five and sixty-five pounds. It goes on to say:

> Considering the matter of weight alone, only 58 per cent of our bacon fell within the sizeable range of fifty-five to sixty-five pounds.

I cannot understand why that should be. This letter lays the blame largely at the door of the farmer, stating that he is marketing his hogs in sizes from which it is not possible to get this size of Wiltshire sides. I believe there are sufficient hogs slaughtered in our abattoirs of select and bacon grades from which could be obtained sufficient of this size to fill all shipments. I wonder what is being done by the department to rectify this situation? So long as we continue to send undersize bacon and bacon of lower grades to England, we shall never realize the price for our bacon that other countries are getting. So long as we are getting a lower price than we should be, our farmers will not be realizing the prices they should. Just what is contemplated to remedy this situation?

Mr. GARDINER: There is a representative of the Department of Agriculture in London who checks this bacon as it comes over. It is quite true it is only a sample check as one man could not check it all. Where there is any reason for criticism, that criticism is sent back to the department and forwarded to whoever may be concerned. An attempt is made to have only the best quality shipped, and I think eventually that is what should be done. Only the best of our bacon should go to Great Britain. There is some question in the minds of those who wrote the report just referred to as to whether we can meet the demands which have been created by the development of that market up to the moment. However, an effort is being made to see that only the best goes forward.

Mr. ROWE (Dufferin-Simcoe): What were our exports last year?

Mr. GARDINER: 192,000,000 pounds.

Mr. SENN: The minister says an effort is being made, but what are the efforts?

Mr. GARDINER: In the first place, an effort must be made by the man who produces the hog. In the second place, an effort must be made by the man who feeds the hog. In the third place, an effort must be made by the man who houses the hog to see that it is housed properly. The only way to meet the competition of Denmark is to do what they do. The Danish people have a line of hogs which have been bred up to standard during the last 200 years. It is sometimes thought that the small shoulder and parts of the back having to do with the grading of the bacon are due altogether to the breeding, but I am informed that this is not the case. I am told that the manner in which the hog is housed has just as much to do with it as anything else. When a hog is allowed out to root around it develops a large neck, as people do who do other things, and it also develops a large shoulder. The Danish people stop the hog altogether from digging. They put him on cement where he can not work. All he does

is eat the proper foods. The hogs have definite rations dealt out to them. When our hogs are let out to root up roots and other things they develop large shoulders and necks and all that kind of thing. It is absolutely impossible to get a standard slab of bacon with that kind of production. We shall have to start with the breeder and follow it through to the housing and feeding. We must get our people producing the one type in the one way all across Canada if we are to meet the competition of a country like Denmark.

Mr. SENN: I would not want the minister to leave the impression that the farmer is entirely to blame for this situation. I notice on page 958 of Hansard of this year an answer given by the minister to a question asked by the hon. member for York East (Mr. McGregor). The information is given that there were 714,847 hogs officially graded as selects in Canada in 1937. I do not know whether they have the heavy shoulders of which the minister speaks. If they had, I do not think they would be classed as selects. In addition, there were some 312,000 that were classed as A grade. In either one of these grades of hogs perfectly good Wiltshire sides can be obtained. There were only one million hogs shipped to England last year altogether, in the form of Wiltshire sides, so the minister's explanation that we are not shipping enough Wiltshire sides over there and laying the blame on the growers is not altogether warranted. I believe there is some difficulty within the packing industry itself, because no doubt they have to cater to the Canadian trade to a certain extent.

Mr. GARDINER: I thought that was what the hon. member advocated, that this was the trade to which we ought to cater.

Mr. SENN: Certainly, but we have also a surplus that we must dispose of, and when the price we get in the British market determines the price which the farmer in Canada receives for his hogs, I do not think it is wise for us to send over bacon which is not going to command the highest price in the British market. If we cannot export a small quantity successfully, what are we going to do when we get a much larger hog population in this country? I am not particularly condemning the department. I am simply pointing this out to the committee because I believe there is something that can be done by way of inspection and supervision over the exports, and I am afraid that to-day this is left altogether too much in the hands of the packing industry itself, instead of having a supervision that might very well be undertaken by the department.

Mr. PERLEY: I asked the minister for the number of cows shipped from Canada to the United States in 1935, 1936 and 1937.

Mr. GARDINER: We had that information in front of us a moment ago. While it is being looked up, I might say in reply to what the hon. member for Haldimand (Mr. Senn) has just said, that to supply the weight of bacon which was exported to Great Britain last year would require 1,600,000 hogs—

Mr. SENN: I said Wiltshire sides, not the total amount of bacon.

Mr. GARDINER: If we were going to sell all Wiltshire sides, we would have to have that number of hogs in order to send the sides forward, and even the figures that were indicated are not sufficient to do that

Mr. ROWE (Dufferin-Simcoe): Of the select quality?

Mr. GARDINER: Yes. In reply to the hon. member for Qu'Appelle, the number of dairy cows shipped from Canada to the United States in 1935 was 6,752, and in 1936, 6,549.

Mr. PERLEY: What was the number of dairy cows in Saskatchewan in 1936 and 1937?

Mr. GARDINER: We have not the provincial figures.

Mr. PERLEY: If the information could be made available, I should like to have it in order to see whether there has been a decrease in the number of dairy cows in the province in the last two or three years.

Mr. GARDINER: I have not those figures, but I could get them some time later on.

Mr. PERLEY: Has the minister the number of cows that were shipped last fall under the regulations reducing the herds in Saskatchewan?

Mr. GARDINER: I have the total number of cattle, but I have not the figures broken down showing the number of cows.

Mr. HANSON: I think the committee has now been given a great deal of information on hogs and cattle, and we should consider human beings for a while.

Item agreed to.

Production services—Production services administration, $60,700.

Mr. ROWE (Dufferin-Simcoe): Again I wish to draw the committee's attention to this document that was presented instead of the Shaw report.

Mr. GARDINER: That does not come under this vote.

Mr. ROWE (Dufferin-Simcoe): This deals with production services.

Mr. GARDINER: I was asked by the hon. member for Greenwood (Mr. Massey) to allow item No. 12 to stand, and what my hon. friend has in mind would come under that item.

Mr. ROWE (Dufferin-Simcoe): I was going to speak of one feature of production, and I shall not hold the item further than to refer to paragraph 4 on this famous page ten of the minister's document, which I do not think is included in the original report. Page ten gives the proposals of the Shaw committee which have already been made effective, and paragraph 4 on page ten says:

> The seed of a particularly promising new variety of tomato has been purchased. It has been distributed among canners throughout Canada who have undertaken to have the crop produced and processed under the supervision of the Department of Agriculture.

This afternoon, under another item, the minister stated that the seed had not been distributed except to the experimental farms.

Mr. GARDINER: I think it would be well if this discussion came up under item No. 18, which deals with seed. I think we had really better wait until we reach that item.

Mr. ROWE (Dufferin-Simcoe): Very well.

Item agreed to.

Health of Animals—Administration of Animal Contagious Diseases Act and Meat and Canned Foods Act, $1,625,610.

Mr. PERLEY: What is the number employed under this vote?

Mr. GARDINER: The details appear on page 59 of the estimates.

Mr. PERLEY: How many veterinary inspectors are employed?

Mr. GARDINER: The number is 262 veterinary inspectors this year as against 270 last year, and the complete service comprises 437 this year as against 447 last year.

Mr. PERLEY: Were any of these veterinaries employed at the Carberry pasturage last year?

Mr. GARDINER: A few of them, in connection with the testing service. We tested all the breeding stock that passed through the pasture for Bang's disease and T.B., and there were veterinaries there carrying on that service.

Mr. ROWE (Dufferin-Simcoe): Would the minister explain the great reduction in the compensation for animals slaughtered? I see it is less than half what it was last year.

[Mr. Gardiner.]

Mr. GARDINER: The custom has been to deal in the supplementary estimates with the final amount necessary. This vote provides only the original appropriation.

Mr. STEWART: Has the department any plan for eliminating Bang's disease in certain areas in a manner similar to the policy adopted for the eradication of tuberculosis in different areas? I know that certain resolutions have been passed by municipal councils and other organizations urging the government to adopt a policy similar to that which has been so successfully adopted for the elimination of tuberculosis.

Mr. GARDINER: We have not gone so far with this as we have gone with tuberculosis. As my hon. friend will recall, at the beginning of the activities in connection with tuberculosis there was considerable doubt whether the tests made were satisfactory and whether they were always reliable. We are experiencing exactly the same thing in connection with the Bang's. There is a great deal of disagreement at the moment as to whether the method followed to detect the disease and deal with it is satisfactory. Until that is fairly well established in the minds of breeders it is impossible to apply it in the same way. But we have, I understand, a number of herds that we are using at the present time in order to try to establish certain information, and consideration is being given to adopting certain areas and trying to clear Bang's disease out of those areas.

Mr. STEWART: Where are the herds? I mean, are they in Ontario?

Mr. GARDINER: The herds are in the vicinity of Ottawa, by private arrangements with the owners. I was just questioning the advisability of naming the owners.

Mr. STEWART: No; I am not asking that. I was asking if they are in Ontario.

Mr. GARDINER: Yes.

Mr. SENN: What investigational work is being done, if any, to ascertain just how far this disease has extended? From what I know of it, it seems to me that the ravages of the disease are more serious than even tuberculosis in its worst stage. There seems to be some hesitation on the part of those whose herds have the disease to let it be known, and I wonder if there is any investigational work going on to find out just how extensive this disease is. While I am on my feet, might I ask what work is being done by the department to develop new serums to combat the disease and to provide a better

method of testing for it. I understand that the province of Ontario, particularly through the college at Guelph, is doing quite an important work in this respect. Whether this department is cooperating with them or not, I do not know. I should like the minister to say what is being done both in the way of ascertaining the extent of the ravages of the disease and as to the reliability of the test, and to produce serums or some kind of inoculation that will do away with the disease.

Mr. GARDINER: The tests that we have conducted in connection with the first question, that is as to the extent to which the ravages of the disease are found, show about two per cent. Fifteen thousand have been checked, and out of the fifteen thousand we found two per cent. We checked all of the females that passed through Carberry pasture. They were gathered from a very large area in the western part of Canada, and that test showed 1·7 per cent, which is less than half of the reactors in tuberculosis, on an average, in the different areas. This would indicate that so far as investigation has gone the ravages of the disease are only about 50 per cent of what they are through tuberculosis. As to the reliability of the test, as I said a moment ago, that is something upon which all persons are not agreed. But I think the officials of the department are fairly well in agreement that the test which is being used is at least as satisfactory as can be expected.

Mr. BARBER: What is being done in British Columbia in regard to Bang's disease? I think I drew to the attention of the minister last year that certain serums could be purchased across the line which veterinaries claimed were very effective, but they were not permitted to be brought into this country. Have they been investigated, looked into more thoroughly?

Mr. GARDINER: I understand that there has been some discussion with regard to calf vaccination with the hope of preventing the disease, but that is still in the experimental stage. We have about ten or twelve herds under observation at present in connection with the use of these serums. We are not yet in a position to state whether the serums are satisfactory or not.

Mr. BARBER: There is a matter I discussed with the officials of this department a few days ago. A disease which is quite prevalent in certain parts of British Columbia is what is commonly known as red water, and I understand that the department about six years ago leased or took over a farm on the lower mainland of British Columbia at which they were to carry on experiments. I believe they have demonstrated in the first place that the disease is not contagious, and also that it did not develop under certain conditions which were supposed to have caused its development. Of late it has been demonstrated, I believe, and the veterinary in charge is convinced, that it is more prevalent on what are known as rolling farms, where sloughs exist or similar conditions retain water for a certain length of time. What I want to impress upon the minister is the importance of carrying on that part of the investigation, at any rate of proceeding with it a little further. When I was at home at Easter I visited a number of farms, and it was suggested to me that on one of these farms a few acres might be leased—which could be done for fifty or sixty dollars a year—and some of the cattle taken from the farms located on the lower mainland, and placed on that land. The particular farmer's loss, I believe, runs to about twenty-seven cattle in the last ten or twelve years. Another farmer lost twenty-eight. One farmer I know of told me that his losses ran to somewhere about $200 or $250 a year. It is estimated that the total loss through this disease alone in the lower mainland will run to somewhere about $100,000 a year. The minister will, therefore, understand that it is quite important that this investigation should be pursued still further, and I trust that he will see fit to extend this research work in connection with the disease.

Mr. GARDINER: The research work in connection with the disease is being continued, and as has been suggested, every opportunity is being taken of trying to meet the disease and find ways and means of preventing its development.

Mr. STEWART: I notice that in the item of temporary assistance this year as compared with last there is an increase of approximately $80,000. Why is there such a large proposed increase in this item?

Mr. GARDINER: The increase in the temporary service is largely due to the fact that we have to set up organizations to take care of the inspections in connection with tuberculosis areas. The numbers vary from time to time, depending upon the amount of money that is voted by this committee for that purpose. If we get the amount we are asking for this year we shall do a certain amount of work, but if we are refused that amount we shall have to cut down on our staff. The supplementary estimates have not yet been considered, and

I cannot say what the extent of the work will be this year. Last year we obtained the amount we thought was necessary, and of course our temporary staffs throughout the country had to be increased to take care of the work. We do not put on permanent appointees to do all that work. The same applies to the inspection of meat. When the marketing of meat at a certain point is fairly high we have to have some inspection service, and that requires new help. Where new abattoirs are opened, as in the last year or so, we have to supply a service there.

Mr. SENN: I would be glad to think that Bang's disease is prevalent only to the extent which the minister outlines, namely, two per cent of the cattle of the country. My impression was that it was much worse. What regulations are in effect for the shipment of cattle to the United States so far as Bang's disease is concerned? Is there any arrangement between the two countries? If so, what is it? I am under the impression that the regulations have been tightened up to some extent, and I believe they have also been tightened up with regard to cattle coming from the motherland. Can the minister give us any information?

Mr. GARDINER: The federal regulations for cattle going into the United States are the same as the regulations for cattle coming from the United States to Canada, but some of the states have regulations that differ from the federal regulations, and in those cases there may be greater difficulty in getting cattle into those states than there is in bringing cattle into Canada. The regulation is that breeding stock must be tested before it goes from Canada to the United States.

Mr. SENN: If they pass the test, are they accepted?

Mr. GARDINER: The federal government will accept them, but some of the states have additional requirements.

Mr. SENN: Have there been any changes recently in the regulations for cattle coming here or leaving the country?

Mr. GARDINER: There have been no recent changes so far as the federal governments are concerned.

Mr. SENN: What about cattle coming from England? I was under the impression that some changes had been made and that cattle that had been found free in England have now to be kept in quarantine.

[Mr. Gardiner.]

Mr. GARDINER: Great Britain does not require a test for either Bang's or tuberculosis, but we do make the test. Cattle coming from Great Britain to Canada must submit to the test for Bang's and tuberculosis.

Mr. SENN: Is that in the motherland, or after they come here? I believe that originally they could be tested in England, but now they have to be tested in quarantine here.

Mr. GARDINER: Yes; they are kept in quarantine here.

Mr. ROWE (Dufferin-Simcoe): How does the minister arrive at the two per cent he mentioned?

Mr. GARDINER: That is, two per cent of the 15,000 that we have tested. We do not know whether those herds may have been tested before and some weeded out. I should not like to say definitely, but I think the closest check so far as the west is concerned is the one made at Carberry where we gathered without selection every heifer or cow that came into the pasture, no matter where they came from, and checked them before they went out. That was less than two per cent, and it was a fair test of that particular area.

Mr. STIRLING: What number did that cover?

Mr. GARDIER: Approximately 2,000.

Mr. ROWE (Dufferin-Simcoe): The minister said that if the amounts asked for were not granted the number of inspectors would have to be reduced. I do not agree with those who believe that we have too many inspectors. In all our criticisms of the estimates so far it will be observed that very little has come from any part of the house with reference to the amounts expended or proposed to be expended. Personally I am sorry that the government sees fit to budget for only a little over $9,000,000 total expenditure in agriculture. I see no item in the estimates that looks too large, and in fact I would be glad to see the government take a more active part in connection with inspection generally, extending it until all the live stock of the dominion are covered. It is all the more important with reference to the export trade.

Item agreed to.

Progress reported.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

Wednesday, May 18, 1938

The house met at three o'clock.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 113, for the relief of Mary Elizabeth Fletcher Meigs Ballantyne.—Mr. Emmerson.

Bill No. 114, for the relief of Ada Alice Burns.—Mr. Thompson.

Bill No. 115, for the relief of Marjorie Isabel Meldrum Andersen.—Mr. Emmerson.

Bill No. 116, for the relief of Alice Pearl Shaver Booth.—Mr. Jacobs.

Bill No. 117, for the relief of Mary Grace French Clarke.—Mr. Jacobs.

Bill No. 118, for the relief of John Gerard Ahern.—Mr. Hill.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

ONTARIO-QUEBEC BOUNDARY LINE ON LAKE ST. FRANCIS AND ST. LAWRENCE RIVER

Mr. CHEVRIER:

1. Is the government aware of difficulties arising among residents of Ontario and Quebec over the exact location of the boundary line between these two provinces on lake St. Francis and the river St. Lawrence?
2. Is the government in possession of any old maps showing the exact location of the interprovincial boundary line between Ontario and Quebec on lake St. Francis and the river St. Lawrence?
3. If not, can it point to any act or statute, save the statutes of Upper Canada and those of Lower Canada, demarcating this boundary line?
4. In view of the islands in this vicinity owned by the government as trustees for the Indians, is it not desirable that it should be known whether these islands are in Ontario or in Quebec waters?
5. Has a commission ever been set up to delineate this line? If so: (a) by whom, and (b) what was done?
6. Were the commissioners able to agree on the whole or any part of this boundary line?
7. If the commissioners were unable to agree, can the government not do something to bring about a solution of this boundary dispute?
8. Could the government not invite the provinces to submit the question to the Supreme Court of Canada for adjudication?

Mr. CRERAR:

1. Yes.
2. No.
3. No.
4. Not particularly important at the present time.
5. Yes. (a) By the governments of the provinces of Quebec and Ontario; (b) Unofficial information has been received that surveys were made and some monuments erected but no advice has been received that any final agreement has been made and confirmed.
6. Information has been received that the commissioners were able to agree on a part of the boundary line.
7. It is considered that the initiative in this matter should lie with the governments of Ontario and Quebec.
8. Answered by No. 7.

RADIO BROADCASTING—SEARCH WARRANTS

Mr. LAWSON:

How many search warrants for the search of private houses were issued under section 11 of the Radiotelegraph Act during the calendar years 1932, 1933, 1934 and 1935?

Mr. HOWE: Complete information from 1932 to date is, as follows:

Calendar year—Warrants executed

1932—3 unlicensed transmitting stations.

1933—4 unlicensed transmitting stations.

1934—3 unlicensed transmitting stations; 1 private receiving station.

1935—5 unlicensed transmitting stations; 6 private receiving stations.

1936—2 unlicensed transmitting stations; 1 private receiving station.

1937—15 unlicensed transmitting stations; 7 private receiving stations.

1938—1 unlicensed transmitting station (to date).

CHEESE EXPORTS

Mr. LACOMBE:

1. How many pounds of cheese were exported from Canada to the United Kingdom during the years 1932, 1933, 1934, 1935, 1936 and 1937?
2. How many pounds were exported to the United States during the same years?
3. What were the value of such exports to: (a) the United Kingdom; (b) United States?

Mr. EULER:

1.

Calendar years	Pounds
1932	83,813,900
1933	70,707,600
1934	58,076,600
1935	52,719,600
1936	67,801,700
1937	81,181,500

2.

Calendar years	Pounds
1932	610,100
1933	1,058,400
1934	799,200
1935	474,900
1936	11,456,400
1937	4,729,900

3.

Calendar years	Value of exports of cheese to U.K.	U.S.
1932	$ 8,504,722	$ 74,257
1933	7,628,260	137,911
1934	6,146,439	117,120
1935	5,986,819	84,793
1936	9,359,453	1,579,873
1937	11,825,692	727,456

WILLIAM BOCK

Mr. PERLEY:

1. Is one William Bock employed by the federal government in any capacity in the province of Saskatchewan?
2. If so, what are his duties, his salary, and allowance for expenses?

Mr. GARDINER:

1. Yes.
2. Duties: agricultural supervisor on water development work. Salary: $150 per month. Allowance for expenses: actual travelling expenses.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PEAT FUEL INVESTIGATIONS

Mr. GRAYDON:

1. What investigations have been made by dominion governments into the possibilities of producing a low cost fuel from the peat bogs of Canada?
2. What have been the results of such investigations?
3. Are such investigations being continued at the present time?
4. Will the government consider the application of its facilities for research to the development of suitable types of machinery for the production of such fuel?

FEDERAL MEDICAL AND DENTAL SERVICES IN SASKATCHEWAN

Mr. PERLEY:

1. What was the total federal expenditures in Saskatchewan, from January 1, 1936, to date, for medical services: (a) direct—exclusive of relief; (b) relief; (c) for Royal Canadian Mounted Police; (d) pensions and national health for militia?
2. To whom were amounts paid, and what amount was paid to each?

Mr. PERLEY:

1. What was the total federal expenditure in Saskatchewan, by all departments of government, from January 1, 1936, to date, for dental services?
2. To whom were amounts paid, and what amount was paid to each?
3. What amount was paid by the Department of Indian Affairs?
4. What amount was paid for each agency, and to whom was it paid?

[Mr. Euler.]

MOTIONS FOR PAPERS

AGREEMENT FOR JOINT OPERATION BY TWO RAILWAY COMPANIES OF CANADIAN NATIONAL RAILWAYS HOTEL IN VANCOUVER

Mr. ELLIOTT (Kindersley):

For a copy of all papers, letters, telegrams, and other documents, dated from January 1, 1937, to date, relating to the agreement between the Canadian Pacific Railway and Canadian National Railways for the joint operation of the new Canadian National Railways hotel in Vancouver.

Mr. HOWE: To the best of my knowledge this agreement has not as yet been completed. As it is a joint agreement, the decision as to whether or not it should be tabled is a matter I shall have to refer to both railways. It is not a document of the department. However, if the motion is permitted to stand I shall take the matter up with the railway companies.

Motion stands.

NATIONAL DEFENCE

THREATENED PICKETING OF DEPARTMENTAL WORKS EMPLOYING CIVILIANS IN HALIFAX

On the orders of the day:

Hon. J. EARL LAWSON (York South): Mr. Speaker, I should like to ask a question of the Minister of National Defence (Mr. Mackenzie). It has just been brought to my attention that a veterans' organization in the maritime provinces protested to the Minister of National Defence by wire on May 2 and again on May 16 with reference to the employment of civilians on works of that department at Halifax. In view of the fact it has been published that a meeting is called for to-morrow night at Halifax for the purpose of arranging to picket the works, would the minister care to make a statement to the house with respect to the situation, and as to any facts he has available in connection with the matter?

Hon. IAN MACKENZIE (Minister of National Defence): Mr. Speaker, I understood from the telegram I received that the agitation was with reference to projected works, and not with regard to actual works in operation. I want to say immediately that the Department of National Defence will not be influenced in the slightest degree by very extreme suggestions of that nature. We have tried so far as possible to give every possible and reasonable benefit to ex-service men. Extreme agitation of the kind indicated will not have support from the Department of National Defence.

CANADIAN WHEAT BOARD

SUGGESTED FIXING OF MINIMUM PRICE AND ISSUANCE OF CERTIFICATES AS OF AUGUST 1

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, I should like to direct a question to the hon. Minister of Trade and Commerce (Mr. Euler). In view of the fact that soil and moisture conditions in western Canada are good and the acreage sown promises a good crop; in view also of the fact that the wheat board is to remain intact, would the minister give a statement or promise the farmers of western Canada that the government will allow the board to fix a minimum price and issue certificates as of August 1, 1938? This is an important matter from the point of view of the farmer.

Hon. W. D. EULER (Minister of Trade and Commerce): As the hon. gentleman knows, his question involves a matter of policy and I am sure he will realize that I cannot give an answer offhand. I shall try to give him an answer in a day or two.

JACQUES CARTIER BRIDGE

SUGGESTED REMOVAL OF TOLL CHARGE TO ST. HELEN'S ISLAND

On the orders of the day:

Mr. VITAL MALLETTE (Jacques-Cartier): La Presse of Montreal, a very important paper, contained a report last night to the effect that the government would be asked to have the toll gates on Jacques Cartier bridge removed and placed so as to give free access to St. Helen's island. Could the Minister of Transport (Mr. Howe) advise whether the government intends to take such action?

Hon. C. D. HOWE (Minister of Transport): Nothing of this kind has been brought to my attention personally, but it is possible it may be in the department. I shall make inquiry and give my hon. friend any further information I am able to obtain.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF AGRICULTURE

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Chairman, we were dealing with item No. 14 last evening, but the hon. member for Greenwood (Mr. Massey) finds it necessary to leave this afternoon and he has some remarks he would like to make on item No. 12. I suggest that we revert to this item.

Marketing services—Marketing of agricultural products including temporary appointments that may be required to be made notwithstanding anything contained in the Civil Service Act, the amount available for such appointments not to exceed $50,000, $200,000.

Mr. MASSEY: Mr. Chairman, I hasten first to thank the minister for his courtesy in this matter. I appreciate his action in permitting me to speak at this time. I rise to offer to the minister and to the government what I feel are one or two constructive suggestions. It is not my purpose during the course of the remarks I shall make either to criticize or to condemn. I am seized with the feeling that the position of agriculture in this country is of such vital importance to the dominion as a whole that every possible assistance should be given to the farmer, in connection with both the production and the distribution of his products at fair and reasonable market prices. It will be impossible in the time at my disposal to cover the subject with anything like completeness, and accordingly my remarks will of necessity be confined to one or two of the major points in the case. I am sure the minister will appreciate that I am addressing this committee fully conscious of the fact that what I may say will be only a small part of the story which should be told, a story which is of vital importance to the dominion.

There are two factors that should be taken into consideration at the commencement of any discussion of Canadian agriculture. The first is that the Canadian farmer is without a peer in the world. He has demonstrated again and again that not only can he produce products of high quality, but that he personally possesses the characteristics which tend to build up the back-bone of a nation. He has faced, as has his fellow Canadian, the industrial worker, the most difficult and trying of times. He has maintained his equilibrium in the face of extraordinary difficulties and hardships. Not only has he to face, as I said the other day in this house, the economic hazards of his high calling, but he is also beset by those factors which have been styled "acts of God" and which are completely beyond his control and the control of those who are responsible for government.

Second, this country is fundamentally agrarian. I have in my hand a record of the 1935 production, both primary and secondary. The primary production for that year was as follows:

Agriculture	$ 622,722,000
Forestry	227,500,346
Fisheries	34,427,854
Trapping	8,877,331
Mining	238,581,268
Electrical power	125,123,078
	$1,257,281,877

In the face of such figures and with the knowledge of the facts of the matter in regard to the importance of agriculture in this country, so readily apparent from these figures, all members of this committee, whether they represent industrial, urban or rural areas, must concern themselves with the problems of the farm, because it is apparent from these figures that agriculture comprises 50 per cent of the primary production of this country. Industrial Canada is directly dependent upon agricultural Canada, and agricultural Canada is directly dependent upon industrial Canada. So we face this whole question, not from any sectional point of view but from that of the loyal and true Canadian.

In December of last year there was released over the signature of the Minister of Agriculture a report which has since become known as the Shaw report. It was a most interesting document prepared by a worthy committee after an investigation of the possibilities of further developing the markets of the United Kingdom for Canada and particularly Canadian agricultural products. Recently, indeed within the week, a further bulletin was released, again over the signature of the hon. minister, which is essentially an illuminated edition of the Shaw report. It is changed slightly here and there, but in the main it embodies a record of the findings of the Shaw committee. I do not wish to repeat here any of the discussions which have been carried on in your committee, Mr. Chairman, within the past week in regard to this new bulletin; I shall deal with it upon its face value and with reference to the factual information that it contains.

This report reminds us that the agricultural activities of Canada are as diversified as it is possible to have them. Within climatic restrictions, the Canadian farmer from Halifax to Victoria engages in the production of all agricultural products. We are wheat farmers, dairy farmers, fruit farmers, potato growers, vegetable growers, truck gardeners and all the rest. However, we have always regarded ourselves primarily as wheat producers. With changing world conditions which have brought about accompanying changes in our wheat markets, with the increase in importance of the dairy production of the eastern provinces, our agrarian picture is indicating a slow—perhaps not so slow—and certain change. Further, extraordinary calamities in western Canada in what have been termed the drought areas have brought all thinking Canadians face to face with the problem of finding a solution of the difficulties which the western farmer, through no fault of his own, has to face, difficulties brought about by two factors, first, the loss of a substantial proportion of his foreign market and, second, a limitation upon his activities as a result of changing climatic and soil conditions. What, then, is the future of the Canadian farmer? What is the future of the western farmer? Yes, and what is the future of the eastern farmer?

Let me deal specifically with three of our important products, Canadian-wide in their production—eggs, butter and bacon.

Let me deal, first, with eggs. In 1935, 24,594,000 Canadian hens produced 223,540,000 dozen eggs at seventeen cents a dozen, to a total value of $37,763,000. Here is a product that is obviously of great importance to the Canadian farmer. It is interesting to note that of these eggs we exported only 1,300,744 dozen, while our domestic production per capita amounted to 22·39 dozen a year. Unquestionably one of the most important markets available to us for this product is that of the United Kingdom; for hon. members well know that Canadian eggs enter the market of the United Kingdom duty free. As one reads through the bulletin to which I have already referred, so recently released by the minister, and turns to page 48, which deals with eggs, one realizes at once that the domestic production of eggs in the United Kingdom is far below their own requirements even though there has been a sharp increase in their production in the past few years; but in spite of this increase we find written in this report at page 48:

> On this basis of production home supplies accounted for about three-fifths of the total consumption in 1936, or 38 eggs out of every 62 consumed.

Thus it is that in spite of what has been done in the United Kingdom to increase the production of eggs, only thirty-eight out of every sixty-two eggs consumed there are produced within its boundaries. Then, if we turn to the appendix to the report, at the top of page 77 we find that in 1936 there were 24,653,000 great hundreds of eggs imported into the United Kingdom from many different countries, among which there were as important factors the Irish Free State, Australia, Denmark, Poland and the Netherlands. Of this import of 24,653,000 great hundreds of eggs, Canada exported only 103,000 great hundreds, or 0·4 of one per cent. The minister may say at once that our own domestic requirements run so close to our own production that we have not available for export eggs in any outstanding quantity. But why is it, when we realize that we are such an insignificant factor in the British egg market, that Canadian agriculture cannot take advantage of the fact that the mother country

prefers to buy from within the empire if at all possible, especially if the quality of the empire product is equal to that of the product of other countries. On pages 49 and 50 of the minister's bulletin there appear the recommendations of the Shaw committe which tell us in part:

1. Canada's eggs at present are not only sold as a cold storage product, but because of our method of grading are classified as "Grade B" storage.

Further:

2. It would appear that for a certain part of each year—at least 5 or 6 months—Canada could successfully ship fresh eggs to certain United Kingdom markets.

And further:

3. The majority of Canadian eggs at present are shipped in crates bearing attractive labels such as "Canadian eggs" but each egg within the case bears the stamp "Empire."

And still further:

Further investigational work should be carried on (possibly by the national research council) in connection with temperature and humidity control during periods of storage and transportation of the product with a view to the elimination of losses due to moulds, spots, etc.

Those are the recommendations of the Shaw report, and there would appear to be no extraordinary difficulty to be overcome. The case is quite clear. We are facing essentially two problems in connection with the export of our eggs to the United Kingdom: (1) We as yet do not produce in volume sufficient to export in large quantities; and (2) such eggs as we do export at the present time are relegated to the limbo of cold storage grade B eggs.

Let me deal now with a second important product, butter. Hon. members must be fully conscious of the subtle and veiled attack that is to-day being made upon the animal kingdom of Canada. It is not going too far to state, Mr. Chairman, that the Canadian dairy farmer is in a most hazardous position as a result of the threat, insidious and unrecognized in altogether too many cases, against the dairy cow. The vast and staggering increase in the production of vegetable oils throughout the world is challenging the production of butter in a manner that must not escape the attention of this government, or of any government for that matter. Canada is certainly not in a position at the present time to have her animal kingdom decimated by the vegetable kingdom. One does not wish in any way to impede progress; but in these days when the dairy farmers of Canada are faced with and are facing such extraordinary circumstances, we must regard with extreme seriousness what is happening in the far corners of the world. I make these remarks by way of introduction to my comments on our butter production.

In 1936 there was produced in Canada a total of both creamery and home made butter of 380,290,500 pounds, of which we exported only 7,697,000 pounds. Our domestic consumption amounted to 340,439,540 pounds, or 31·13 pounds per capita. If we turn to the minister's new bulletin, page 43, we find that the market of the United Kingdom imported no less than the extraordinary amount of 1,092,228,816 pounds of butter from many different countries, chief among which were Australia, New Zealand and Denmark. Canada exported to the United Kingdom in 1936 only 0·42 of one per cent of the total butter imported by Great Britain. The recommendations of the Shaw committee in this connection are also to be found on page 43 and read as follows:

While it appears that Canada's exportable surplus of dairy products to the United Kingdom markets will be for many years in the form of cheese, yet, due to changes in the relative values of cheese and butter in Canada as well as to other influences, it may be necessary during some years to export surplus butter.

Butter makers should continue their efforts to improve the quality of the product, not only on account of the better prices which may be realized for the relatively small quantities which may be exported, but to a greater extent on account of the effect of the export value on the price of the much greater quantity marketed in Canada during periods of export movement.

Again, we must bear in mind that our butter enters the United Kingdom duty free, and that we have here an opportunity to develop this product of our dairy farms for that market; but at the present time, consuming as we do the vast proportion of our own production, we have little surplus butter available for export to any country, let alone the United Kingdom. I fully realize the implication of the recommendations of the Shaw committee when it is stated that for some years to come cheese will be the important export from our dairy industry. Nevertheless we must bear in mind that we are still a negligible factor in a market in which we have free entry and which is certainly available to us.

Against this situation I return to the point I discussed at the beginning of my remarks on butter, and that is the staggering, vast and frightening increase in the world's production of vegetable oils. For example, let us take palm oil. In 1920, in Sumatra, 360 tons were produced; in 1936, 196,996 tons. In the Malay peninsula in 1920 no palm oil at all was produced, but in 1937 42,935 tons were produced. On the west coast of Africa

in 1920 there were produced 119,312 tons as against 244,647 tons in 1937. And here, Mr. Chairman, I have taken only one source of vegetable oil, and that is palm oil. For Ceylon, Java and the Philippines, in the production of cocoanut oil a similar story can be told. Let it be remembered that we are continuing to import into Canada increasing quantities of these oils, which in the manufacture of shortening replace lard and butter, and in the manufacture of soap replace animal tallow and grease.

Then consider for a moment the importation of vegetable oil into Canada last year. These figures are as I stated, staggering:

	Pounds
Palm and palm kernel	50,700,000
Crude peanut oil	65,300,000
Peanut oil for soap and fish	5,400,000
Cotton seed and olive foots	4,600,000
Cocoanut oil for soap	27,800,000
Cocoanut oil not edible for refining	10,000,000
Crude cotton seed	15,500,000
Olive	800,000
Soya bean oil	2,200,000
Vegetable oil, n.o.p.	2,400,000
Vegetable oils, for food	4,700,000
Total	189,400,000

Let me for a moment turn to the production of bacon, the last of the three products I have selected upon which to make a few recommendations to the minister. Canadian bacon is excellent bacon, and the bacon producers of Canada are to be sincerely congratulated on the quality of their product. When it is considered that there is one pig in Canada to every three persons, one can realize how important is our bacon and ham and pork industry.

In discussing this major product, produced in all parts of Canada, we will recall that Canadian bacon enters the United Kingdom duty free, but that we have no tariff preference provided in either of the Canada-United Kingdom trade agreements of 1932 or 1937, although continuance of duty free entrance is assured. Further, the United Kingdom agreements with Canada have assured us of a quota of 2,500,000 hundredweight per annum. As we survey the export figures from 1928 on we realize just how important the United Kingdom market is to the producer of Canadian bacon. In a few moments I shall place upon Hansard the record of our export production, but sufficient be it to say for the moment that from a low in 1931 of 41,595 hundredweight of 112 pounds, our production has increased until in 1937 we exported to the United Kingdom market 1,387,006 hundredweight. But hon. members will note that we have barely passed the half-way mark in our quota.

[Mr. Massey.]

Again turning to the minister's bulletin, this time to page 28, we will note that whereas Great Britain has in six years more than doubled her domestic production of bacon, nevertheless she is producing only a fraction of her total requirements and is still a substantial customer of many different countries, of which Canada is one. As the Shaw report well reminds us, on page 27 of the minister's bulletin, there is a prejudice against Canadian bacon because immediately after the war much inferior bacon was sold, and this, having been held in storage for some time, seriously damaged the reputation of Canadian bacon.

Let me again remind the committee that the facts of the matter are that whereas we have a quota of 2,500,000 hundredweight against Canadian bacon we have yet only reached the half-way mark in filling that quota. If we turn to pages 33 and 34 of the minister's latest bulletin we shall find a series of recommendations, among which we will read the following:

> We feel that action should be taken to develop better merchandising methods. . . .
>
> A careful survey of Canadian bacon as it is handled in the United Kingdom retail shops failed to convince us that it was being merchandised in the best possible manner. On very few occasions was it advertised or sold as Canadian bacon. . . .
>
> Standards of quality must be maintained and improved.
>
> As volume and continuity of supply are essential other efforts will be nullified unless this can be accomplished. . . .
>
> A much higher percentage of sizable Wiltshires is desirable in Canadian exports. . . .
>
> The grading and selection of Canadian bacon has greatly improved in recent years. . . .
>
> Canadian bacon frequently discolours too quickly after being cut. Necessary investigation to be undertaken to ascertain and remove the cause, if possible. . . .

Now, Mr. Chairman, in what I have said so far I have had a definite purpose in mind. I have considered only three of the important agricultural products of this country—eggs, butter, and bacon; and these I have selected deliberately because of the potential possibilities that they present in the development and advancement of Canadian agriculture. Last summer I spent considerable time in Denmark conducting an extensive and intensive investigation of the methods employed by the government and other agencies for the development of Danish agriculture to its position of great importance in the market of the United Kingdom. The minister realizes as well as if not better than any member of this committee the substantial portion of the British market in eggs, butter and bacon claimed by the farmers of Denmark. Here

is a little country of only 17,000 square miles, which means that twenty-four kingdoms of Denmark could be put into the province of Ontario alone. Of Denmark's population of 3,700,000, twenty-three per cent live in one big city in the country, the city of Copenhagen; thirty-nine per cent live in small towns, and the balance of the population, thirty-eight per cent, live in the country. They are a people completely homogeneous, and of Gotho-Germanic origin, possessed of high character and a deep moral sense, and their honesty is outstanding. Their educational system, as a result principally of the activities of Bishop Grundvik, in the latter part of the nineteenth century, is extraordinarily efficient in the development of the young Dane into full citizenship, with a sense of moral responsibility, not only to his country but to his neighbour.

Let it be remembered that Denmark, as an important factor in the agricultural markets of the world, has been built out of what were virtually the ashes of a country. Disastrous wars with Prussia and Austria had deprived Denmark of her most fertile territories, Schleswig and Holstein, and, further, as a wheat growing country she had lost her markets. Here then in the later half of the nineteenth century was a country that had been soundly defeated by her two arch-enemies, had lost her most fertile territories, and had been deprived of the outlet for her only major product, wheat. Her people were little more than serfs, lacking both in intelligence and in pride, all of which combined to build down to a nation that was on the verge of disaster. But to-day Denmark, primarily agrarian as she is, is one of the leading agricultural countries of the world, whose products are justly famous for their quality and consumer acceptance. It has been during the last sixty years that she has built herself into a country where 98 per cent of her farmers own their own land; where her agricultural products are of the highest quality and kind; a country in which a new nationalism has sprung up; a country which can boast of a system of social insurance governing sickness, accidents, old age, and all the rest, more widespread than any voluntary system in the world; a country in which only one in a thousand cannot read or write; a country in which there are no immensely rich people or any very poor people. Her farms are not large. There are 204,000 of them in this little kingdom, one-half of which are less than twenty-five acres in size, only twenty-three per cent of them being more than 150 acres. Twenty-nine per cent of her exports to-day are bacon, meat and other slaughtery products. Her butter, cheese and milk comprise twenty-five per cent of her exports, and eggs eight per cent. Fifty-four per cent of her total exports go to the United Kingdom alone.

If we consider such a country perhaps we are too ready to say that any comparisons between the agricultural development of Denmark and the agricultural development of Canada are too remote to be worthy of the attention that we might give to them. On the contrary, strange though it may seem to say it, the comparison is not so remote as one might at first think.

In Canada there are 729,000 farms; in Denmark there are 204,000. But if we compare the Danish live stock population with the human population, we shall see that their agricultural set-up, if I may so call it, is not so different from our own. In Denmark there is one horse to every six persons; in Canada there is one horse to every four persons. In Denmark there is one head of cattle to every person; in Canada there are four head of cattle to every five persons. In Denmark there is one pig to every person; in Canada there is one pig to every three persons. In Denmark there are seven chickens to every person; in Canada there are five chickens to every person. And yet, keeping in mind that their farms are small and also that many of our farms are vast in area, hon. members will realize from the figures I have given that the Danish set-up for the production of eggs, butter and bacon is not far removed in relative contrast from that of Canada.

But Denmark's approach to her markets in the United Kingdom has been dissimilar to ours. Realizing the position in which she was placed in the latter part of the nineteenth century as a result of the factors I have already mentioned, through governmental agencies she approached the United Kingdom to ascertain the type of product that would be most acceptable in the British market. Note that she did not develop her product and then endeavour to sell it in the United Kingdom; she went first to the United Kingdom and determined the quality and kind of product required, and then went back to her farms to develop that identical product. In this aim she has been most extraordinarily successful. In other words, she realized that the Danish farmer back on his little farm could not possibly know what kind of bacon would be most acceptable to the British market, for example. The government, however, was in a position to find out and to tell him, and that is exactly what the government did, with the net result that, realizing that

quality was the only basis upon which she could possibly hope to compete in the market of the United Kingdom, Denmark has developed for that market a product which has wide acceptance in competition with the product of every other country in the world.

It will be interesting to all hon. members, I am sure, to hear the figures I am about to give. In 1936 Denmark exported to the United Kingdom 100 million dozen eggs, while Canada exported one million dozen eggs. In other words, for every one hundred Danish eggs sold in the United Kingdom one Canadian egg was sold. And Danish eggs were sold at a premium of ten per cent. In 1936 Denmark exported 2,172,000 hundredweight of butter to the United Kingdom, while Canada exported 40,000 hundredweight; and the premium on Danish butter, even above New Zealand butter, was no less than twenty per cent. In 1936 Denmark exported to the United Kingdom 3,373,000 hundredweight of bacon, while Canada exported 1,092,000; that is, we were outsold three to one. And the Danish price was twelve per cent higher than ours.

Let us also realize the handicap under which Denmark has been operating. Our eggs have free entry into the market of the United Kingdom, whereas the duty against Denmark on this commodity is one shilling per great hundred. Canadian butter enters the British market duty free; the rate of duty against Danish butter is fifteen shillings per hundredweight. As regards bacon, it will be recalled that in the agreement with Denmark the United Kingdom among other things undertook not to regulate imports of bacon and ham unless necessary for the regulation of the marketing of domestic supplies, in which case the Danish allocation was not to be less than 62 per cent of the total permitted imports from foreign countries. With the permission of the committee I should like to have this table placed on Hansard in tabular form, giving as it does exports from Canada and exports from Denmark of bacon, butter and eggs from 1928 to 1937.

The CHAIRMAN: With the unanimous consent of the committee.

Mr. MASSEY: It is very brief.

Some hon. MEMBERS: Read it.

Mr. MASSEY: What shall I do?

The CHAIRMAN: Unless there is unanimous consent, the hon. member will have to read it.

Mr. MASSEY: I shall take the time to read it, then.

[Mr. Massey.]

Mr. GARDINER: Take it as read.

Mr. MASSEY: The figures are given by the dominion bureau of statistics:

Dominion Bureau of Statistics—External Trade Branch

Imports of Bacon, Butter, Cheese and Eggs into United Kingdom from Canada and Denmark (Calendar Years 1928-1937)

Calendar years	Bacon	Butter	Eggs in the shell (great hundreds)
	cwt.	cwt.	
1928—From			
Canada.	306,795	1,646	83,323
Denmark.. ..	5,375,793	2,016,045	5,329,669
1929—From			
Canada.	198,491	8	79,157
Denmark.. ..	4,977,026	2,204,027	5,572,629
1930—From			
Canada.	99,298	210	15,025
Denmark.. ..	6,117,866	2,318,525	6,728,383
1931—From			
Canada.	49,495	78,110	46,486
Denmark.. ..	7,339,195	2,466,070	7,548,661
1932—From			
Canada.	181,580	19,299	5,426
Denmark.. ..	7,670,349	2,583,664	6,392,302
1933—From			
Canada.	506,906	33,253	182,895
Denmark.. ..	5,524,217	2,519,126	6,233,637
1934—From			
Canada.	894,284	54	177,001
Denmark.. ..	4,287,830	2,485,810	6,383,751
1935—From			
Canada.	919,064	63,463	98,392
Denmark.. ..	3,826,386	2,186,350	6,564,731
1936—From			
Canada.	1,092,360	40,128	99,298
Denmark.. ..	3,373,415	2,171,594	7,988,827
1937—From			
Canada.	1,387,006	(*)	(*)
Denmark.. ..	3,429,427	2,256,490	9,992,919

Note: Cwt. = 112 pounds.

(*) Statistics not shown in Monthly Trade Report of the United Kingdom for December, 1937.

Great hundred = 120 eggs.

A further point that should be borne in mind is the extraordinary development of Danish cooperatives, a factor that has been of the utmost importance in the rise of Denmark to her present position. To complete the story within the limits of the moment is difficult; but let it be sufficient to say that it was in 1882 that the first cooperative was set up, while to-day there are 1,400 of them patronized by 192,000 out of the 204,000 farmers. The cooperatives to-day handle 90 per cent of the milk supply, 85 per cent of the bacon, 50 per cent of the butter, and 65 per cent of the feed and grains. Through the cooperatives the Danish farmer is assured of his market and the transportation of his products to it. He has no worries in regard to rates of foreign exchange or the problem

of the middleman or shipping. If he is efficient, he gets the top price. If he is not efficient, he has only himself to blame; for every possible aid is given him directly and on the ground by the educational branch of the cooperative societies, which societies are well backed up by and receive energetic support from the government. The result has been essentially the standardization of Danish agricultural production. A small farm set-up of ten acres will have four cows, two horses and three pigs. A medium sized farm, of seventy acres, will boast twenty-five cows, six horses, and twenty-eight pigs, and will also employ four labourers and one maid. So scientific is the farming in Denmark that virtually the cow may be regarded as a machine and the pig as raw material.

I have already stated that the whole basis upon which Danish agriculture is predicated is quality. Let us see for a moment what is done in regard to the three products we have discussed. Every solitary, single one of the 1,200,000,000 eggs which left Denmark last year for the United Kingdom was lamp-tested by government inspectors. Every barrel of butter that leaves the country is also passed by government inspectors; every pound of bacon the same. And not only are the pigs examined on the hoof by veterinary surgeons, but every part of that pig is also examined by a veterinary surgeon in the course of its passage through the slaughtery. Thus, if at any time an egg or a barrel of butter or a side of bacon fails to come up to the rigid standard set by the government, and is turned down by the inspector, that egg, that barrel of butter or that side of bacon does not leave the country.

From the farmer's point of view the cooperative is a tremendous boon. Take the story of cooperative butter making. The farmer, or probably his wife, milks night and morning of course, and puts the milk in cans at the farm gate in the morning. The truck from the local cooperative picks up the cans shortly afterwards and takes them to the creamery where the milk is made into butter under the most rigid inspection. Next morning, when the cooperative truck again stops at his farm, it leaves the cans of the day before, this time full of the skim milk, picks up the whole milk cans and carries them to the creamery. That is all the farmer has to do with the processing and marketing of his butter, but he receives back the skim milk which he feeds to his pigs.

A similar story can be told in regard to bacon. As a quota is placed on the market so is the production controlled; the farmer each year receives so many "pig cards," which permit him to export as bacon to the United Kingdom the number of pigs for which he receives cards, nine, fifteen, twenty-five or whatever it may be, depending on the size of his farm. His pigs are bred only from government registered stock. Let me say in passing that every head of live stock and even every chicken in Denmark is registered. Unless the farmer can prove beyond doubt that not only the parents but also the four grandparents as well of his animals are approved by the government, the farmer cannot breed from that stock. It is only from government approved stock that breeding is permitted. Thus the strain of Danish cattle, horses, pigs, sheep and chickens is maintained to an amazingly high degree of perfection and efficiency.

To come back to the pigs, the farmer feeds his pigs in accordance with the best recognized methods. When they reach the weight of 170 pounds he rings up the cooperative slaughtery, which calls for them and takes them to town. On the hoof they are examined by a veterinary surgeon; if they weigh between 168 and 172 pounds and pass the inspector, they are slaughtered. If the pig weighs less than 168 pounds, it is returned to the farmer for further feeding; if it weighs over 172 pounds, it is also returned to the farmer; but in this case he cannot attempt to reduce its weight, he will fatten it and send it to Germany, where a fatter bacon is desired.

Hon. members will recognize from what I have said as briefly as possible that the Danish government has taken extraordinarily effective steps, working in conjunction with the cooperatives, to develop a great product which is acceptable in the market to which it is sent.

All that I have said thus far is in no way intended as criticism of the efforts of the Canadian farmer.

The CHAIRMAN: I regret to interrupt the hon. member but I must inform him that he has exhausted his time.

Some hon. MEMBERS: Go on.

Mr. MASSEY: If I might have just about five more minutes.

The CHAIRMAN: With the unanimous consent of the committee.

Mr. MASSEY: I appreciate your courtesy, Mr. Chairman, and that of the committee. As I have said, and I repeat, the Canadian farmer is himself without a peer in the world. But it seems to me that the government of this dominion can take many steps which have yet to be taken to assist the

farmer in the development of his products, so that they may be acceptable on a basis of quality and kind to the consumers of the market to which they are sent. What I have endeavoured to point out is that the Canadian farmer possesses potentialities which have not been fully developed. Our farmers have done their best and done it well; what remains to be done it seems to me is the direct responsibility of the government. The example of Denmark is before us when it was realized that the Danish farmer on his farm could not possibly know the quality and kind of product required for successful marketing in the British market. His government ascertained that, conveyed the information to him, and gave him every possible assistance in attaining that standard.

The minister, in speaking last evening, as reported on page 2992 of Hansard, said:

> The Danish people have a line of hogs which have been bred up to standard during the last two hundred years.

Perhaps the minister will permit me to disagree with that statement. The Danish hog of fifty years ago was completely dissimilar to the Danish hog of to-day.

Mr. GARDINER: Is that not the way you get a different type, by breeding up to it?

Mr. MASSEY: Yes; I was referring only to the length of time taken.

Mr. GARDINER: I have the official report which indicates it has been 200 years

Mr. MASSEY: Let me describe the Danish hog of 1880 and now. The 1938 model of Danish bacon hog is long and deep of body, with flat back, lean, and short of leg, whereas the Danish hog of the 1880's was thick, short, big of body, arched of back, and long of leg. The 1938 model is essentially a streamlined model. Bacon from the 1880 model would not find a place on the English breakfast table of to-day. Accordingly the hog that one now sees in Denmark was developed so that its bacon would find that place which it has found.

Eggs, butter and bacon are the only products which I have discussed this afternoon. In the case of eggs and butter our surplus is comparatively small; therefore we export comparatively little. But is it not a government responsibility to take the steps necessary to create an increasing demand for Canadian eggs, butter and bacon in the United Kingdom, and thus open up to the Canadian farmer the possibility of marketing these products on a larger scale? There is no reason why we should produce only so many eggs, or only the amount of butter or bacon that we do produce, except the restriction of the market available. The farmer himself cannot develop the market, but the government can. I am not for a moment losing sight of the fact that our domestic market has been, is and always should be our most important market; but there is no reason why Canada cannot take full advantage of the possibilities of an export market as safe and secure as that of the United Kingdom, made possible to us under the agreements of 1932, reaffirmed in 1937.

Any thinking Canadian who considers the trends cannot but be alarmed at the rise of urbanization in this dominion. During the last eight or nine years there has been a sharp increase in our urban population at the expense of the rural population. That obviously means one thing, that those who would normally remain on the farms are forsaking them and coming into the cities to seek their fortune there. Hon. members know too well that there is great difficulty to-day in keeping the farmers' sons on the farm. Why? Not because farming is unattractive; not because the difficulties of farming are too much for our younger generation—far from it—but because farming in so many cases has proved unprofitable. Therefore, what might be a gainful and worthy occupation appears as wasted drudgery to the young people. What makes it unprofitable? The fact that the prices of produce are out of line, for one thing, and loss of markets for another. These two combine to promote hard times for the farmer.

The unemployment situation in our urban centres continues to be one of our greatest national problems. For that problem there is only one solution; that is jobs. If farming can be restored to the position of a profitable and gainful occupation, it will go an immeasurably long way towards solving our unemployment problem. Again let me quote Denmark. There the government has acquired large tracts of land, which it breaks up into ten and fifteen acre farms. The would-be young farmer merely has to show that he has $200 or more in his possession and the necessary qualifications to be a farmer. He is then given a ten or fifteen acre farm, completely equipped with barn, house and live stock. He does not have to pay back a single penny except as he earns. I am not suggesting that such a course could be followed here; but I am sure hon. members will agree that some steps can be taken in the development of our markets, in the stabilization of the prices of farm products, which will make farming attractive, and this will not only tend

to retain our farming youth upon the farms, but will also further attract many of the farming youth, who have come to our cities, back to the farm, thus relieving the acute unemployment situation existing in our cities to-day.

In conclusion, Mr. Chairman, permit me to state that I am not unmindful of the burden of the recommendations of the Shaw report, or the proposals already claimed to be made effective by the minister, as reported on page 10 of his recently released bulletin; but I find, looking through the recommendations and proposals of the Shaw report, a great lack of two factors which, it seems to me, are the most singularly important part of any governmental effort directly to assist the Canadian farmer. That is, namely: (1) a program designed to raise the standard of Canadian live stock and thus, Canadian products, by direct assistance to the farmer—a program designed to make sure, beyond peradventure, that the efforts of the farmers are directed in the most profitable channels to produce butter, eggs, bacon, cheese and other such products adequately suited to the market to which they are to be exported, and (2) a program to stabilize farm product prices.

In regard to the first factor I earnestly urge upon the minister, with all the earnestness of which I am capable, that he give immediate thought to a governmental program of direct educational assistance to the Canadian farmer that will permit him to take advantage of the markets which are open to him, particularly the market of the United Kingdom. We must, perforce, realize that important and all as it still is in the development of Canada, we cannot depend upon wheat alone as the outstanding product of our farms. Through no fault of our own we have lost many of our best customers for this commodity. Thus, further steps must be taken forthwith to take up the slack in agriculture, and it would seem to me to be of the utmost importance to the dominion as a whole that this entire matter be given the full and concentrated attention, not only of the government of the day, but of the governments that are to follow; for prosperous farms in Canada mean a prosperous Canada.

The Canadian farm and the Canadian farmer form, together, a part of Canada of an importance that cannot be overestimated. Justly we are proud of the progress we have made through the years; but in the discussion which the committee has permitted me this afternoon I have tried to throw out to the government of the day a suggestion or two which, if applied in practice, will result in the even higher development of the Canadian farm, and which will help relieve the difficulties which our farmers have been forced to face.

In regard to the second factor, no mention is made in the report of what may be regarded as the greatest problem faced by agriculture to-day, namely stabilized prices. There could be no more efficacious boon to the Canadian farmer than efficient steps taken toward the stabilization of prices of farm products.

An hon. MEMBER: What steps?

Mr. MASSEY: As I have already stated in this chamber, I do not pose as an economist, but I fully realize that the law of supply and demand as it at present operates in this country is operating to the severe detriment of the Canadian farmer. Other factors as well, which need not be discussed here, have tended toward extraordinary low levels in the prices of our farm products. Surely, it must be by this time obvious to the government of the day that some artificial means, through legislation or otherwise, will have to be employed to stabilize prices. And, Mr. Chairman, we must all recognize that the lot of the farmer in Canada will never be very much better than it is to-day until these steps are taken.

In speaking in this chamber, not so long ago, the hon. member for Haldimand (Mr. Senn) used language as reported at page 101 of Hansard to which I direct the attention of hon. members. To this I shall add nothing further, but merely say, as I take my seat, that I urge upon the government that a program designed to aid the farmer directly by assisting him in the development of his product to fit the market in which he sells be stimulated at once, and that some plan be formulated and put into effect to stabilize farm product prices. To this there can be only one result—a more stable and more secure Canada, and a greater and more united Canada.

Mr. MacRAE: Mr. Chairman, the hon. member for Lanark (Mr. Thompson) speaking on the question of marketing, painted a rather gloomy picture of the activities of the cheese producers' association. I should like to make a few remarks with regard to this question.

For many years the dairymen had two organizations in Ontario, the eastern and the western Ontario dairymen's association. I believe they served a useful purpose for a considerable length of time. But the farmers of the eastern district formed the impression that those associations had survived their period of usefulness, and the feeling sprang up among

the dairymen that they needed a newer and more active organization to further their interests. Because of that the cheese producers' association came into being.

The first encouragement received was from the Hon. Mr. Weir, the minister of agriculture for the dominion at that time. The first financial assistance was received from the provincial department of agriculture operating under the Hon. Thomas Kennedy.

Their first objective was to have all cheese boarded, thereby cutting out factories selling on board rulings with the idea of stimulating a healthy competition among the buyers. Secondly, they wished to ascertain by trial shipments to Great Britain if there was too great a spread between the price paid to the producer in Canada and the price paid by the consumer in Great Britain. They made a small profit on this experiment in 1936, and sustained a loss in 1937. While there was a small loss suffered in 1937 the thought lingers in the minds of the producing farmers that the cheese exporters narrowed their margin of profit when the cheese producers made their trial shipments to the old land, with a view to driving the producers' association out of the picture, and although it appears as a small loss it may be an actual gain in dollars and cents to the farmers of Ontario.

The Ontario Marketing Act gave them the power to collect five cents on each hundred pounds of cheese manufactured, which works out at about half a cent per hundred pounds of milk. The national dairy council have been depending on voluntary contributions and the response has not been as generous as they would like. By this method of financing the association everybody makes a fair contribution to the expenses of the association and more general satisfaction is promoted among the farmers.

I have made these observations in order to convey to the committee the actual situation in regard to cheese associations.

Mr. NEEDHAM: What does the hon. member for Greenwood say would become of Denmark if we were to secure the market they have at the present time?

Mr. MASSEY: I do not consider for a moment that the market of the United Kingdom has been exhausted. There is room for both Denmark and Canada.

Mr. SENN: It seems to me the discussion which might have taken place under this item was pretty well exhausted under another item discussed some time ago. Hon. members may think there has been undue discussion, but since this is an entirely new set-up within the department I think it is fair to say we were entitled to the information for which we have been asking.

It is my intention at this time to direct only one or two questions to the minister, and then I shall have finished with at least this part of the discussion. There are some points in regard to the set-up which are not yet clear in my mind. For instance, at the heads of the different branches of the department we have gentlemen who have served in their capacities for some time. Are those gentlemen now acting in a dual capacity; that is, are they serving, for instance, under the marketing services branch and under the production services branch, or has their work been changed so that each serves under one branch?

Mr. GARDINER: These men are not serving in two capacities; they serve in one capacity in administering the work of a certain branch of which they are in charge. For example, Doctor Hilton is still in charge of the health of animals branch, but his work is carried on under the director of production. That is just an illustration.

Mr. SENN: Does the dairy commissioner act in a dual capacity, or does the head of the sheep and swine division?

Mr. GARDINER: Practically all of our services having to do with dairy products relate to marketing. The greater part of the production is attended to by the provinces. We take care of the marketing end, and look after inspections which have to do with the grades of products, a service which is considered to be part of the marketing operation. Naturally that work is carried on under the marketing branch.

Mr. SENN: I thank the minister for the information he has given. I should like to make one more reference to the mark which has been discussed under another item. Clause (c) of the recommendation states that the right to use this mark, where it is not compulsory, will be granted only to producers under licence. I should like to know why the producers are put in a different class from exporters generally and commission men. It looks to me as though there is discrimination or a monopoly is being set up.

Mr. GARDINER: As I said earlier, the details have not been worked out completely, but if there is to be licensing, it will apply right through. Anyone using the mark will have to be licensed to use it, whether he is a producer or a jobber.

Mr. BLACKMORE: Has any program been devised for the stabilization of prices?

As one having a direct contact with farming operations, it is my opinion that if we could stabilize prices to any satisfactory degree, our production would far outstrip our ability to sell. In the area from which I come the productive power is tremendous in eggs, bacon, beef and everything that we have been discussing. Just about the time a farmer gets into pigs, as they say, just about the time that he equips himself so that he can produce, for some unaccountable reason prices come down and stay down until he is forced out of swine production. Then prices go up again when the farmer has no equipment with which to take advantage of the increase. There may be some inevitable and insuperable natural law which brings this about, but I seriously doubt it. If we could tackle the problem at that point it seems to me we would be well on the way to a solution of our difficulty.

Then there is another obstacle facing the farmer. Frequently when prices rise to a point at which farmers can "make a go," as they say, when they reach a point at which they can make things pay, then the prices of feeds and other ingredients that go into their production begin to rise. I have heard many good farmers say that by no means whatsoever can you figure your way out to a profit. So long as such conditions exist our productive power will simply be lying dormant.

Mr. GARDINER: There has been no concerted effort, other than that which was put forth under the Natural Products Marketing Act, to stabilize prices. As the hon. member knows, that act was declared ultra vires, but certain activities have been carried on by the provinces since it was declared ultra vires. However, there has been an attempt made in other directions indirectly to stabilize prices upward. Attempts have been made to improve the grades and increase the consumption of certain of our farm products, and the result has been an improvement in prices. I think I am correct when I say that the increase in the annual per capita consumption of butter in Canada was 4·06 pounds from 1925 to 1936. The fact that our butter was improved in quality had something to do with the greater consumption in Canada. The fact that we have had a greater consumption has had something to do with prices having been better in recent years.

I do not know that I can say much more in regard to the point raised. It is always a question whether you can set a price for a product and maintain it. I presume that if a country is sufficiently small and the product is sufficiently standardized you might be able to do it, provided all of the output is consumed within the country. But even a country as small as Denmark, which markets its product in Great Britain, is not able to say what price is going to be paid in Great Britain. Their prices go up and down just as ours do. Britain has much more regulation through cooperative organizations than we have, yet they have not been able to stabilize prices. The most they have been able to do is to stabilize their commodities and create a demand in a market that is more or less constant.

Some of us listened to an address to-day by an extremely well informed man from Great Britain, Sir Reginald Dorman Smith. He took a different position regarding some matters referred to in the speech of the hon. member for Greenwood (Mr. Massey) in connection with the relationship between Great Britain and Denmark and other countries. I am not prepared at the moment to say which point of view is the correct one. However, the remarks made on that occasion would indicate that this stabilization is more nearly possible in a country that consumes all its own agricultural products than it is in one that consumes only seventy per cent of its production and sells the other thirty per cent outside the country. It is probably even more difficult to do it in a country where you consume only thirty per cent and ship out seventy per cent of your production, as we do with one of our products. These are some of the difficulties with which we are confronted. I do not think there is any one standard that can be set in a country with an area so widespread as ours in connection with price control or the standardization of products. However, we are attempting to accomplish results by applying suitable remedies to the varying conditions that exist in this country.

Mr. COLDWELL: I wish to direct the attention of the minister to a demonstration of price stabilization of farm products which has taken place in New Zealand. New Zealand produces large quantities of cheese and butter and exports the bulk of this production. Yet she has successfully stabilized the prices of both butter and cheese. She is able to guarantee a price of twenty-five cents for butter and something like fifteen cents per pound for cheese, using the current rates of exchange between New Zealand and the motherland. New Zealand, with a small population but producing vast quantities of these commodities, has demonstrated very successfully that a certain amount of stabilization can be undertaken under conditions

dissimilar to those outlined by the minister. This is not the time to enter into any academic discussion or we shall never reach the end of these estimates, but I wanted to draw that to the attention of the Minister of Agriculture.

Mr. STIRLING: It is not any too clear to me just where the dividing line is between the marketing activities of the Department of Agriculture and the marketing activities of the Department of Trade and Commerce, but it is quite obvious that the intention of the minister is to improve the opportunities of marketing our products. I should like to direct the attention of the minister to the difficulty we have had in the past of informing the buying public of what we have to sell and where it can be bought. I shall deal with one side of this question as it applies to this country. For many years past we have tried to sell British Columbia fruit in the prairie provinces, and I know of no more annoying type of letter to receive than the one which contains the statement, "Your fruit is fine but we do not know where to get it." When we take that difficulty back to those who are responsible for distributing the fruit or vegetables, as we always do, we are informed that apparently that whole prairie country has been divided up into territories and adequately served, and in some cases I must say that when the matter is run down to the bottom we find that the consumer did not use any too much gumption in endeavouring to obtain that produce. But still the difficulty is there. Where the produce is available it seems to be very difficult to get it into the head of the consumer that there it can be bought, and any assistance the minister is able to give through his officers in informing the buying public of the produce there is to sell, so much the better for the producer.

I want for a moment to refer to the other side of it, and that is the difficulty which occurs in Great Britain, in informing the British public of the produce Canada has to sell. I notice in the April number of Overseas an article headed, Empire Table Exchange. It is a description of what had recently been seen by the writer at the British Industries Fair, and I want to quote a couple of paragraphs:

> Decidedly, Canadian bacon was the best on show. (The whole Canadian exhibit was first class.) I asked where it could be procured in London, and was told "at any big shop." I tried at a shop which is among our biggest, and has a transatlantic name. It was selling only Wiltshire and Danish. Danish bacon is excellent, but I asked why the money shouldn't be kept in the family. I was then asked, seriously and with a wish to know, whether Canadian bacon was good, etc. In the long run I received a promise that it should be available in a week. But why did the B.I.F. Canadian officials think it could be bought when it couldn't?
>
> This leads directly to a consideration which I hope overseas readers will pardon to an ardent friend of their produce, who wants to see Empire Table Exchange becoming more intense and more fruitful every week. I do not know what overseas housewives are like as regards new comestibles, but at home in England they are absurdly unadventurous, largely because the Englishman is very conservative in his food. They see a new thing (as once they must have seen the first tomato, as some time before Nell Gwynn they must have seen a fruit that they didn't then know was an orange), and they say: "What's that?" and the greengrocer says: "I don't know, mum; I bought a couple on chance." She doesn't buy any, and he purchases no more.
>
> The relatively small expense of sending quantities of leaflets with empire exports to England (and to inter-empire markets) should be no hindrance to an activity of which the importance cannot be exaggerated. It is not enough to say that this tuber can be treated in various ways; a half dozen amusing, interesting recipes (and printed on good paper, in clear type, and clearly set out) will help the retail seller and the ordinary customer to increase the market. We all want to vary our menu, we all want to buy empire; but you have to help us. I think that even Canadian apples, which are so attractive to look at, ought to wear a badge of "for dessert," "for baking."

As I said when I commenced, I do not know because I do not understand the dividing line between the minister's department and Trade and Commerce in this matter, but the object of his marketing branch is undoubtedly to foster marketing, and if the minister would take into consideration the desirability and the possibility of increasing the information which reaches the prospective empire buyer in Great Britain he will have accomplished a great deal.

Mr. BLANCHETTE: Mr. Chairman, I do not believe that I can be justly accused of having taken too much of the time of the house since my arrival here, but I should like to make a few remarks upon this particular item, affording as it does the opportunity to give expression to views which I have held now for some few years with regard to agriculture, and in particular dairying, coming as I do from a dairying section of the country.

Agriculture, as we all know, is the oldest of human occupations, and it would appear to me that it should be the most paying of all human activities. But unfortunately it is not. The whole nation, and I might say the whole world, should be keenly aware of the importance to all the people of a prosperous agriculture. But unfortunately this conviction

does not seem to prevail amongst all, because it has been stated, and quite truly, I believe, by Sir Josiah Stamp, that:

> The world as a whole, over a given length of time, has almost certainly been fed below cost for the last hundred years.

The farm problem can be stated in four words: Farm profits are inadequate. The disparity between the income of farm enterprise and the returns from the investment of equal labour, capital and managerial ability in industrial effort, is apparent to all those who have examined the facts; and neither the welfare of the people directly nor the national good itself can decently suffer the agricultural population to continue under the definite handicap of producing below cost.

I understand that the farm problem is not simply one but many. There are some forms of assistance that take effect quickly, and others only in the course of time. Amongst the aids in the former category I might mention transportation as being vital to agriculture. In the United States six per cent of the gross annual production is said to be absorbed by freight rates. Commercial attachés should find and develop a market as "international trade is primarily dependent upon international understanding and amity." More can be done to educate foreign peoples to a taste for the foods from Canadian farms. Probably the most important of all steps towards creating a permanent and growing demand for Canadian food-stuffs on the menus of the world is the maintenance of world peace and the diffusion of friendly understanding. Other means are agricultural colleges, research work and extension services.

Agriculture needs the greatest consideration from all governments, and especially is this true with respect to dairying, which represents nineteen per cent of the total agricultural revenue, whereas wheat represented in 1930 only fourteen per cent of the total agricultural wealth of the country. The dairy farmer has been losing money for a number of years, and the loss has been heavy enough for the farmer who can ship to the fluid milk market, but more has been lost by the dairy farmers who have been shipping to local cheese and butter factories. In support of my statement that the dairy farmer has been losing money, I should like to cite data obtained on two surveys in the province of Quebec in 1931-32, which are reported on in the report of the minister of agriculture for the province for that year.

The first data, which I shall present in a very cursory way, relates to the fluid milk market, and the second data to the dairy farmers who have been shipping their products to local cheese and butter factories.

In 1931-32 an economic investigation was carried on in the Montreal district and in the counties around the city of Montreal. The number of farms investigated was 182, and the number of animal units 4,106. The report of this investigation was to the effect that in 1934 fluid milk sold at Montreal for $1.44 per hundred pounds, whereas the cost of production was $1.97 per hundred pounds. A similar investigation was carried on in the county of Megantic, comprising fifty farms in that county; its object was to determine the cost of the production of milk by farmers selling to butter or cheese factories, and the gist of this report was that it cost the farmers $1.44 to produce one hundred pounds of milk, and at that time the gross selling price of that one hundred pounds of milk was 72 cents, a net of sixty cents, showing thereby a loss of 84 cents per hundred pounds by each dairy producer. I believe these figures show that the assertion that the dairy producer is producing at a loss is well founded. I trust that it will be the endeavour of the Department of Agriculture to do all that they can to enhance the revenue of the farmers and especially the dairy farmers of the country.

Item agreed to.

Compensation for animals slaughtered, $200,000.

Mr. SENN: Could the minister give the committee information as to how may areas are now under inspection and how many have not yet been started for which application has been made?

Mr. GARDINER: Those accepted but not yet tested are: Quebec 4, Ontario 6, Manitoba 10, Saskatchewan 2.

Mr. SENN: How many areas are complete?

Mr. GARDINER: It is the total number up to date that the hon. member desires—not only last year, but the total number?

Mr. SENN: Yes.

Mr. GARDINER: The best I have is the districts that were tested last year. By provinces: Quebec 3, Ontario 7, Manitoba 1, New Brunswick 4. These were started last year and completed. Those that are being retested are: Quebec 10, Ontario 9, Manitoba 7, Saskatchewan 5, British Columbia 1.

Mr. SENN: Does the minister contemplate that when he brings down his supplementaries sufficient money will be forthcoming to carry on activities in all the districts that have been accepted, or will some of them have to lie over for another year?

Mr. GARDINER: We are hopeful of getting sufficient money to take care of all those with which we can deal with our present staffs. It will probably not be possible to cover all the districts that have been accepted, during this coming summer.

Mr. SENN: The minister said something about retests in the areas that have been under accreditation for some time and are restricted areas. In the light of past experience, how nearly is this test satisfactory and how nearly have the restricted areas been kept clean of tuberculosis?

Mr. GARDINER: I think the best answer to that is to call attention to what has happened in some districts where the work has been carried on.

Mr. SENN: Yes.

Mr. GARDINER: This list shows the restricted areas for the eradication of bovine tuberculosis in which infection has been reduced to one half of one per cent and less. In Prince Edward Island the entire province, comprised of the counties of Kings, Queens and Prince, has been reduced to one half of one per cent. In New Brunswick nine counties have been similarly reduced; in Quebec 16; in Ontario 6; in Manitoba 1; in Saskatchewan 13; in British Columbia 1.

Mr. SENN: That seems to be a very satisfactory situation. Can the minister give us any information as to what happens in the case of accredited herds that are not in restricted areas? Has the experience been similar in that respect?

Mr. GARDINER: The results in those are almost identical.

Mr. EDWARDS: Would the minister give us the names of the six areas in Ontario which have been accepted but not yet tested?

Mr. GARDINER: Province of Ontario: Peterborough county, Lanark county, Island of St. Joseph, Simcoe, Victoria and the Rainy River district.

Mr. EDWARDS: Waterloo is not included?

Mr. GARDINER: No.

Mr. SENN: Or Haldimand?

Mr. GARDINER: It is not in that group.

Mr. HAYHURST: We have heard considerable this afternoon about streamlining of the pig. I wondered if that has affected the general health of the animal.

Mr. GARDINER: I am informed that it does not affect the health.

[Mr. Senn.]

Mr. LEADER: Judging from the information given by the minister we are quite a way behind meeting the demands of the cattle breeders in this country. Many of them think that a more determined effort should be made to eradicate tuberculosis. I have been in close touch with the cattle breeders of Ontario this winter, as well as with those in the western provinces, and I know that they are exercised about the inability, shall I say, of the department to keep up with their demands. For that reason I support the suggestion of the hon. member for Haldimand (Mr. Senn) who believes that we should have a larger appropriation for this work. I am not going to enlarge upon that phase of the subject to-day, but there is one observation which I wish to make in this connection. Yesterday the minister, in answer to the hon. member for Leeds (Mr. Stewart) I believe, said that the experimental stage in connection with Bang's disease was about the same as it was in connection with tuberculosis some years ago. That, I believe, is true. For that reason we cannot undertake a wholesale policy to eliminate Bang's disease, but I suggest that we might follow a policy such as we adopted in regard to tuberculosis and start with accredited herds. After all, that is the nursery of the whole industry in Canada, and in my opinion we should begin with those herds in attempting to eliminate Bang's disease. We have been successful in eradicating tuberculosis because we had the cooperation of the breeders as well as of the government departments, and it seems to me that we must also have the cooperation of the breeders if we are to eliminate Bang's disease. I do not believe that we will get that cooperation.

Mr. BOTHWELL: Is it not a fact that the treatment of Bang's disease is still in the experimental stage?

Mr. LEADER: Yes, I agree with that; and for that very reason I do not think that we shall get the cooperation of the breeders. Farmers who have valuable live stock will not have their cattle condemned for Bang's disease unless they receive some compensation, and that is why I suggest that we should start with the accredited herds and pay compensation to breeders, who will get at least something for any loss they may sustain if their cattle are slaughtered. I suggest that the minister seriously consider the advisability of compensating farmers for the loss of cattle on account of Bang's disease, and that he should start with the accredited herds of the country.

Mr. EDWARDS: Has the regulation been changed to give compensation for grade cattle?

Mr. GARDINER: Yes. In the accredited areas they get compensation for grade cattle as well as the others. I have here a list of tests made for tuberculosis beginning in 1915-16. In that year there were 2,937 and this last year the number was 1,349,468. The development has been gradual from 2,937 in 1915-16 up to close to a million and a half last year, and I think that illustrates in another way the position we are in in relation to Bang's disease. The authorities in the first instance had to convince the breeders that the test was a reliable one. I find that in every delegation of breeders who come to my office to discuss the matter there is a difference of opinion among them as to whether the test is reliable or not. As regards tuberculosis they readily admit that twenty-five years ago they did not believe that the test was reliable. The first task of the department is therefore to establish confidence in the minds of the breeders that the test is reliable and when that is done, the next step might be given consideration. For the time being, however, the department is trying to establish that confidence in the minds of breeders.

Mr. BOTHWELL: Is there a reliable treatment?

Mr. GARDINER: The department thinks so, but we have not been able to convince everyone else. We have not been able to convince the majority of those interested in herds that it is.

Mr. PERLEY: The statement the minister made a little while ago would indicate that Saskatchewan is pretty healthy so far as cattle are concerned. Do I understand that in the retesting there was less than one and a half per cent?

Mr. GARDINER: It was one-half of one per cent.

Mr. PERLEY: That makes it better. What was paid in Saskatchewan by way of compensation in the last year, and what is the average?

Mr. GARDINER: I have not that information here, but I could get it compiled.

Mr. SENN: The minister says that the department is attempting to establish confidence not only in the test for Bang's, but also in the treatment. I understand that the treatment is a serum which is injected. Is the federal department taking any steps to supply that serum when it is applied for, or is that left entirely to the provincial authorities?

Mr. GARDINER: So far as the test is concerned, the remark I made a few moments ago in reply to a question by the hon. member for Swift Current was that the department was fairly confident that the test was reliable. So far as the treatment is concerned, the serum provided for injection into calves, that is purely in the experimental stage, and we are not in a position to make any pronouncements. It is merely a matter of checking the serum at the present time.

Mr. SENN: Is the department taking any steps to provide the serum or is that left entirely to the provinces?

Mr. GARDINER: The department is not supplying it to the provinces but only to institutions under the control of the department itself, so that we may experiment with it.

Mr. SENN: But I understand that a serum is being used extensively in the country. Where is it obtained? I believe it is being used with very beneficial effects.

Mr. GARDINER: Bringing it in is prohibited by law. I am not in a position to say whether someone is bootlegging it into the country and using it. It is illegal to use it.

Item agreed to.

Live stock and poultry, $829,170.50.

Mr. SPENCE: What is the reason for this excessive increase of $95,000? Is there going to be no end to increases in the amounts voted to the Department of Agriculture? No one can understand it. It is difficult for the taxpayers to be continually contributing to other things when in the meantime they are losing money themselves. Items of this sort should receive mature consideration, and money should not be wasted on such matters, if it is wasted. Is this because of an attempt at marketing, or what is the reason for it?

Mr. GARDINER: The increases are all explained later.

Mr. SPENCE: You can explain them faster than I can read them.

Mr. GARDINER: Well, it has nothing to do with marketing. This is the production end. We have covered all the marketing activities to date. In permanent salaries the increase is $12,438.

Mr. SPENCE: Does the minister think increasing salaries is justified in these times? They should be decreased instead of increased.

Mr. GARDINER: The increases come under the regulations of the civil service commission, and by the return of the five per cent deduction. The increase in temporary salaries is $2,175; in telephone, telegraph and postage, increase $3,000; equipment, increase $15,093.

Mr. SPENCE: What does the equipment consist of?

Mr. GARDINER: Such equipment as cars, typewriters—

Mr. SPENCE: Limousines for the stenographers!

Mr. GARDINER —recording machines and that sort of thing, and material equipment as well, such as bulls loaned. Then there are prizes, bonuses and premiums, increase $26,662.50; buildings and lands, increase $11,000; miscellaneous including professional services and rents, $1,138; supplies and materials, $3,000 Freight, express and cartage is the same. In travelling expenses the increase is $20,606. The total increase amounts to $95,112.50.

Mr. PERLEY: I assume some of that was in connection with the situation in Saskatchewan last fall.

Mr. GARDINER: No; this is for the coming year.

Mr. PERLEY: In connection with the bull loaning scheme, not long ago I mentioned in the house that applications had been made by different groups of farmers in the west to secure a bull under that scheme. Is it possible for the department to cope with that situation this year? I understand there are 200 or more applications from Saskatchewan alone.

Mr. GARDINER: We get more requisitions for this service than we can fill with the amount of money that is voted. We do the best we can, keeping within proper bounds in the different parts of the country.

Mr. SENN: How much money is set aside for that?

Mr. GARDINER: This year $40,000 is set aside. The increase is $5,446.

Mr. SENN: Is any time limit set within which applications will be considered? Usually the bulls are purchased in the spring or the early winter.

Mr. GARDINER: There is no actual date set, but the department insists on the applications coming in early in the spring, and then they are dealt with in the order in which they are received.

Mr. PERLEY: There is a serious situation in Saskatchewan, brought about to a considerable extent by the policy adopted last fall of shipping cattle out of the drought areas. The policy which was adopted by the provincial government and endorsed and carried out by the federal Department of Agriculture dealt a very serious blow to the live stock and dairying industry in that province, a blow from which I do not think they can recover in the next ten years. Early last fall when this policy was adopted many protests were made by individual farmers, rural municipalities and boards of trade. I had many protests come to me asking me to make representations to have the department change their policy. The minister will remember that early in September I wrote him asking that he give consideration to the dairymen, especially the small men with eight or ten or twelve cows in the eastern part of Saskatchewan. He was good enough to reply stating that the matter was more or less up to the provincial government. I had also taken it up with them, and their reply was that they had to enforce their rules strictly, cutting down the stock to not more than four cows on a farm in that district.

Mr. GARDINER: I hope I did not say it was up to the provincial government.

Mr. PERLEY: The minister referred me to the minister of agriculture for Saskatchewan. Mr. Taggart replied to the effect that he did not think it would be possible to supply sufficient feed.

Mr. GARDINER: That is different from what the hon. member was saying. I understood him to say that I said it was up to the provincial department.

Mr. PERLEY: The minister's letter referred me to the department of agriculture in Saskatchewan.

Mr. GARDINER: To put the record right, the hon. member is making a speech which might be presumed to apply to one thing when it probably applies to another. As far as the movement of live stock out of the drought area is concerned, the federal government is absolutely responsible for that policy; the Saskatchewan government had nothing to do with it.

Mr. PERLEY: I have here form 626B37 issued by the provincial government—

Mr. GARDINER: Moving the cattle out of the drought area was a policy decided upon by the federal government entirely. We asked the province to assist us in carrying it into effect; but no responsibility for the policy rests on the province; it rests entirely on this government.

Mr. PERLEY: Well, that makes it all the worse. I suppose the minister would say it would be impossible to get feed to maintain any more than the number allowed to be kept; that is, four on a farm. I made

certain investigations with respect to feed that could be procured, in Manitoba particularly; individuals and representatives of rural municipalities had gone down there and were putting up feed, and I also drove through part of the country myself. I think if proper steps had been taken at the right time of the year feed could have been procured, and many of the smaller herds would have been saved to the extent that farmers would have been allowed to have kept three or four more cows than they were allowed to keep. This is a serious matter, and I take this opportunity of expressing my disapproval of the policy carried out last fall in this respect. We know the importance of dairying; we know what it means to the farmer who has been milking eight or ten cows, and who must meet grocery bills and other expenses. It has meant considerable to him to have had a reduction in stock.

Mr. GARDINER: We have spent the greater part of the week discussing marketing, and have disposed of the item. But at this time the hon. member is again talking on the subject. I would ask the Chair to keep the hon. member within the limits of the item under discussion.

Mr. PERLEY: We are on the item having to do with the production of live stock. If the production of dairy cows does not come within that item, then I must ask the Chair to give a ruling. I am discussing the production policy carried out by the government, as it affects the production of dairy cows in the province.

Mr. BOTHWELL: Does the hon. member object at this time to the removal of cattle out of Saskatchewan last fall to the feeding grounds in other provinces?

Mr. PERLEY: No, not at all; what I object to is the almost complete removal of dairy cattle from the southern and south eastern parts of the province. Farmers who had in the neighbourhood of ten or twelve dairy cows, which they were milking, were forced to reduce their herds to not more than four. Since that time, owing to the fact that they have not sufficient feed, there will be no dairy production in the area this year. Every farm—

The CHAIRMAN: Order. I believe the hon. member for Qu'Appelle is now discussing a matter pertaining to agricultural distress, a subject which has been before the house for a considerable length of time this session, and one the discussion of which lasted a great many days. I have listened carefully to the hon. gentleman's observations, and I must ask him to confine his remarks to the item under discussion, namely live stock and poultry, production services.

Mr. PERLEY: If the Chairman rules that the production of dairy cattle does not come under this item, then I certainly am out of order.

Mr. TAYLOR (Nanaimo): It seems to me there is a good deal in what the hon. member for Qu'Appelle has said with respect to the supply of bulls for the production of cattle. He raised the point, as reported in Hansard at page 2540, and received the following reply from the minister:

> I regret very much to have to advise that it is not possible to encourage the farmers in the Alexander district to organize an association to apply for the loan of a pure bred bull from this department this year. We have already received from Saskatchewan applications greatly in excess of the number of suitable bulls which it will be possible to purchase, and have been under the necessity of refusing consideration to nearly two hundred inquiries received from Saskatchewan alone.

This reply would indicate that the government has reached the point of frustration, and something determined should be done to remedy such a situation. Has the minister's department investigated the possibilities of artificial insemination. Science has indicated that artificial insemination is entirely practical, and I am informed that successful practice is not attended by any very technical difficulties. If this matter were studied, and some move made in connection with it, we might solve some of the present difficulties in the situation. We might not have to wait a matter of ten years before increasing the number of cattle to a normal point.

Mr. GARDINER: I understand Russia claims to be producing successfully through the process of artificial insemination. Our department is keeping in close touch with activities in that direction, but at present we are not in a position to deal with a situation such as that existing in the west.

With regard to that portion of the remarks of the hon. member for Qu'Appelle which have to do with the bull policy, I would say that under the policy we are putting more bulls into Saskatchewan than we are putting into any other part of Canada. The reason is the one which has been outlined, namely that great difficulty has been experienced in the feeding of live stock in that province in the last few years. There is probably another reason why we should be very careful. Probably in days past we have made some mistakes in certain parts of

Saskatchewan. Only a few years ago one could walk into a bank in Saskatchewan and see on the walls an invitation to borrow money to secure bulls. That may have had something to do with our having so much live stock in certain sections that it was necessary to move it out. More careful investigations will have to be made when we begin to reestablish the herds in those areas, and we shall have to decide whether or not it is good policy under existing conditions to reestablish them in certain sections. In order to meet the situation which exists in the area in which the hon. member for Qu'Appelle is interested, an area in which it has been pretty well established that stock rasing in a substantial way is a proper part of the agriculture of that district, something should be done to reestablish the herds. But there are certain sections to which we shall have to give very close investigation before proceeding.

Mr. COLDWELL: I believe in the past year there has been a change in the policy of the department in connection with stallions in Saskatchewan.

Mr. GARDINER: Yes.

Mr. COLDWELL: Complaints I have had were that the notifications regarding clubbing were received by owners too late in the season. Would that come under the federal department, or was that decision promulgated by the provincial department of agriculture?

Mr. GARDINER: The premium was paid on a fifty-fifty basis. The province pays $2.50 and we pay the same amount. However, the clubbing policy is under federal jurisdiction, and is still being carried on. The premium policy has been discontinued in Saskatchewan, our main reason being that we were carrying on both activities in that province and were not doing so in the other western provinces. We are now confining our activities to the one branch in Saskatchewan, as is being done in the other provinces.

Mr. COLDWELL: When was that notification made?

Mr. GARDINER: I think it was some time in February. There was some difficulty in some of the areas in forming clubs after the notification went out. I know, however, that quite a number did form clubs after that time.

Mr. COLDWELL: There was considerable difficulty in some areas. I am thinking of an area in my own constituency where on account of weather and other conditions the owners did not receive notification until a time too late in the season to form clubs. The result is that these horses are in the barns. The owners have been suffering from drought, and they really cannot afford to maintain the animals and give the service they have been giving for the past several years.

Mr. SPENCE: There must be some duplication in connection with the vote for live stock and poultry. I notice that under item No. 11, which deals with live stock and poultry under the heading "marketing services," there is an increase of $54,928. Then we come down to item No. 16, and we find that it deals with live stock and poultry, under the heading "production services," and shows an increase of $95,112.50. The minister has been good enough to give the details concerning the $95,112.50, but I have not heard anything about the other amount. I do not wish him to repeat what has been said—probably I should have been in the house—but I should like to know why on the same page there should be two items with respect to live stock and poultry, one for about half a million and the other for almost a full million, one with an increase of more than $54,000 and the other with one of more than $95,000. The minister goes on to tell us that there has been an increase in the cost of automobiles as well as for prizes, bonuses and premiums. There is an increase of $11,000 for buildings and lands, but that is not much in this committee. Then there is an increase of $20,000 in travelling expenses. Is the business increasing so rapidly that travelling expenses must increase to such an extent? What are we getting out of all this? If any one is receiving a benefit, I have no objection, but I am afraid a lot of it is being wasted. The minister has not the time to go into all these matters in detail, and I think an investigation should be held into them. I do not accuse any one of doing anything wrong, but if this sort of thing is going on there is not much use in hon. members protesting against it all the time when no attention is paid to their protests.

Mr. GARDINER: This goes back to the question that was raised a few moments ago, I think by the hon. member for Haldimand (Mr. Senn), as to the division between marketing and production. I think the discussion we have just had with regard to bulls and stallions is a clear indication of the difference in the two policies. For many years the federal Department of Agriculture has been taking an interest in the improvement of live stock in Canada, which is purely a production activity. We have just passed a vote having to do with the health of animals, which work is carried on for the purpose of improving

production. We are now dealing with a section of the vote which concerns the breeding of live stock and the production of better bulls, better stallions and better sires generally. Any activity in connection with the marketing of this stock comes under the marketing branch. I do not think there should be any difficulty about understanding this. There may be some opposition to the amount we are spending, but I cannot see why there should be any difficulty in understanding the difference between marketing and production.

Mr. SPENCE: Are results being obtained from the marketing branch?

Mr. GARDINER: Our friends who have been speaking seem to think we are not doing enough. Whenever we have tried to cut down in this work, objections have been raised. When we attempted to cut down in the work in Quebec in connection with the supplying of bulls, strong objection was made. I think it will be found generally across Canada that these services are quite necessary. The demand from one end of Canada to the other is for an extension rather than a discontinuance of the services.

Mr. SENN: I am quite in agreement with what the minister has said. I think these services are quite necessary. If I were to offer any criticism of the department, it would be that not enough money is being expended on this work. The minister stated that the premium policy in Saskatchewan has been discontinued in connection with rams and boars.

Mr. GARDINER: The premium policy applies all through eastern Canada, and there has been no change in that. In the western provinces we have had a club policy which suited their conditions better than the premium policy. About four or five years ago there was some activity started in Saskatchewan in connection with a premium policy, and this year we took the position that either one of two things must be done—we must have both policies all the way across Canada, or we must continue either the one or the other in the province. We decided to discontinue the premium policy in Saskatchewan.

Mr. SENN: What results are being obtained from the experiments which are being conducted in connection with landrace hogs? Perhaps this question might better be asked under the experimental farms vote.

Mr. GARDINER: I think it would be better to leave it.

Mr. PERLEY: Would the minister give us the latest figures with respect to the number of horses and dairy cows in Saskatchewan?

Mr. GARDINER: An order for a return was asked for, I believe by the hon. member, which would contain those figures. I have not them available at the moment.

Mr. PERLEY: I regret that we cannot get the information we ask for with respect to items of this kind.

Mr. GARDINER: I am quite sure that if the information has been asked for, it will be obtained eventually. The estimates referred to in the order were not these. There will be plenty of opportunities to discuss these matters when the supplementaries are brought down. There was also an opportunity earlier in the session when we were discussing the warrants.

Mr. PERLEY: What item is that in the supplementaries?

Mr. GARDINER: Provision will be made for all the matters that were discussed a few moments ago.

Mr. PERLEY: That item in the supplementaries passed at one sitting of the committee, and on the suggestion of the minister it was allowed to go through. Certain details were asked for which we could not get on that occasion, and the minister promised that on a later occasion they would be provided.

Mr. GARDINER: That will all come up under the supplementaries covering similar work.

Mr. DUFFUS: I notice there is a sharp division of opinion among the members of the official opposition in connection with these expenditures I dare say that if a comparison were made of the expenditures on agriculture with those of other departments, serious discrepancies would be disclosed.

Item agreed to.

Plant inspection, insects and diseases, $246,127.

Mr. SPENCE: There is another large increase in this item and perhaps the minister could give us some explanation.

Mr. GARDINER: The particulars are:

Salaries, permanent	$ 5,142
Salaries, temporary	6,187
Wages	1,110
Telephone, telegraph and postage	560
Equipment, including supplies and materials	3,310
Buildings and lands, including rents and taxes	150
Freight, express and cartage	190
Travelling expenses	8,033
	$24,682

Mr. STIRLING: What care is being taken at our ports of entry to prevent tourists and travellers bringing in fruit which might contain dangerous insects?

Mr. GARDINER: There are men located at the important ports where the traffic is heavy to check fruit plants that might be subject to disease. At points where men are not located, the customs officials cooperate in checking everything that enters. If there is necessity to refer anything for further inspection, this is done.

Mr. STIRLING: Are we as stringent on this side of the line as they are in the United States? I am thinking particularly of the state of Washington. I was referring to the small parcels of fruit that the tourist might have in his car. He may eat some of this and then throw the rest away.

Mr. GARDINER: There is practically the same condition prevailing in connection with fruit as there is in connection with animals. We have reciprocity with the federal government of the United States as far as regulations are concerned, but the regulations put out by the different states might not conform exactly with ours.

Mr. STEVENS: Would this item cover the inspection of containers such as sacking and other things of that kind?

Mr. GARDINER: Wrappings and that kind of thing are taken care of by the inspection under the health of animals vote. That inspection is carried on to prevent the entry of foot and mouth disease and diseases of that kind which might be carried in on the wrappings of plants.

Mr. STEVENS: That item passed, I understand.

Mr. GARDINER: Yes.

Mr. STEVENS: Would the minister permit me to make one very brief observation?

Mr. GARDINER: Certainly.

Mr. STEVENS: I am not complaining about the officials of the department doing their duty. I think it is very necessary and very desirable to guard against the entry of materials in the form of wrappers or packing for any class of goods that may contain disease from some other country. But a case came to my attention recently, and I could cite a number of them, where I think the department by cooperating with the importer could quite effectually safeguard our country against the inroads of disease, and at the same time not put the importer to such a very great expense as he is sometimes forced to incur. To give one illustration, some bauxite, the raw material for aluminum, was shipped to Canada in sacks from a country which I think was classed as infected, and the importer was forced to send the shipment back to Great Britain, I think it was, and to have it resacked in new sacks, and brought out again. There was another case a few years ago which I mention just to illustrate my point; some cotton came in, wrapped in burlap, and a similar dispute arose. My suggestion to the minister is not that there should be relaxation of the necessary precautions, but that in such a case the importer might be permitted to repack the goods on the wharf, and the packings that came in could be destroyed; in other words, that some effort be made to minimize the loss to the importer, while at the same time adequately safeguarding the health of the animals of this country by preventing the inroads of disease from some other country. I believe that a good deal could be done along that line.

Mr. GARDINER: I can only say that there are countries which are ravaged by disease like foot and mouth disease, countries which if we had an outbreak of foot and mouth disease would probably put an embargo on our cattle for as many years as it was maintained at one time previously in our history. We must be very careful in connection with shipments that come in from a country so infected. A few shipments have come in, in second-hand gunny sacks which had been used for some other purpose before, in contravention of the well-known regulations. It has been considered advisable to have such shipments returned and not allowed to enter this country at all. The department is very exacting about that, and I do not know that it would pay us to remove any of these restrictions. We would be running the chance of suffering very great inconvenience ourselves in a very short time just to accommodate one or two individuals.

Mr. STEVENS: I think if the importer were put to the trouble and expense and delay of repacking the goods and destroying the containers right on the wharf it would be a sufficient penalty to make him more careful next time; but a rigid enforcement of the law, compelling the importer to ship back the whole thing, might seriously affect business in other lines, and sometimes the shipment may have come in quite innocently so far as the importer is concerned. The exporter in a foreign country cannot possibly be as familiar with our regulations as the importer on this side, or know how exacting the department

is, and there are bound to be cases where there may seem to be a disregard of the regulations but where there was no intention of breaking them at all. I do submit that with a little cooperation the loss to the importer could be minimized and other lines of business not seriously injured, as they well might be by a rigid adherence to the regulations.

Mr. GARDINER: I am informed that there is a good deal of cooperation and that every case is considered on its merits. There are cases where the very thing my hon. friend suggests is being carried out, but there are other cases where conditions perhaps are such at the point where the goods came from that we do not want our own officials or anybody here to handle the commodity at all, and where it is returned for repacking. There is a great deal of risk taken in connection with such a shipment. The number of cases such as my hon. friend mentions must be very limited, but I shall be glad to take into consideration what he has said.

Mr. STEVENS: I have heard of a goodly number of such cases.

Mr. EDWARDS: What progress has been made in the control of the corn borer in western Ontario?

Mr. GARDINER: There has been considerable improvement since the days when the farmers in that section were considering going out of growing corn because of the corn borer, but the greater part of that work is done by the provincial government. They ask for assistance from us through services that we can give through this branch, and that assistance is given in cooperation with them. But the main activity is carried on by the provincial government.

Mr. BARBER: Can the minister tell us something about the control methods that have been adopted in regard to the pea moth? In the lower mainland of British Columbia there has been a considerable loss because of the depredations of the pea moth; in fact, they cannot grow peas at all in that section. I should like to know what is being done to control this pest.

Mr. GARDINER: Will the hon. member let his question stand until we reach item 30, dealing with entomology?

Mr. STIRLING: Do grasshoppers come under this vote?

Mr. GARDINER: No, under the entomology item.

Item agreed to.

Seed, feed and fertilizer control, including grant of $18,900 to Canadian Seed Growers' Association, $546,403.

Mr. EDWARDS: Would the minister explain the increase of $38,396?

Mr. GARDINER: There is an increase in certain activities amounting to $58,396, and a decrease in others of $20,000, making a net increase of $38,396. Salaries for the permanent staff are increased by $19,801, and for the temporary staff, $29,595; subsidies and contributions, a decrease of $20,000; maintenance of buildings and lands, an increase of $1,800; professional and special services, an increase of $6,000; travelling expenses, an increase of $1,200.

Mr. McKENZIE (Lambton-Kent): A question was asked in the house not long ago as to what size of farm is the most profitable to operate. It entirely depends on the line of farming you wish to follow, whether it be tobacco farming, fruit farming, mixed farming, and so forth. The farmer realizes that the farm is productive only to a certain degree, and that certain types of soil require certain kinds of fertilizer. I believe that provincially some help has been given, but I wonder what the dominion government has been doing along that line—speaking primarily now of Ontario and eastern Canada. I asked the bureau of statistics what the average production was of grains per acre in Ontario, and I learned that during the past twenty years the production was: barley, 29 bushels, oats, 36 bushels, and wheat, 23 bushels. I submit that if the right types of fertilizer were used that productivity could be increased, because in eastern Canada particularly we have abundance of rainfall; I believe we could almost double that yield. No matter what the production per acre, we have the same amount of taxes to pay on the land, and the same amount of work to do. In my opinion fertilizer should be provided at a reasonable cost, enabling the farmer to purchase it at a reasonable price. Very often the farmer has used his fertilizer without knowing just what type is required for his particular soil. I believe that at one time the department put in some mixing plants to make fertilizer available for the farmer at cost or nearly so.

Mr. GARDINER: I understand that that work so far as Ontario is concerned is being carried on through the provincial government, largely at the Guelph farm. Soils are sent in for analysis; it is determined what type of fertilizer should be used, and as a result the farmer can purchase the type he requires. It

is just possible that there are many farmers who do not take advantage of this service; also there may be many who do. Sometimes I go up to the western part of Ontario, and I find that some of the farmers there are having their lands tested continuously and the proper fertilizers placed upon them.

Mr. SENN: Certain criticisms have been levelled directly and indirectly against the department for changing the regulation during the past year with respect to the colouring of seed coming from Great Britain and New Zealand. I believe that that regulation, which had been in effect for some time, enabled the farmer to know whether he was buying imported seed or Canadian seed. There may be a good reason why the change was made last year, but I think the minister would be wise to let the committee know just what were the circumstances which led to that decision, because I have heard complaints about it.

Mr. GARDINER: I understand there was a change in the regulations which was intended to result in a different colouring being used for English seed from that used for seed from other countries. That was in effect for a short time; it was found to be unsatisfactory, and the present recommendation is to return to the old colouring and that all imported seed be coloured.

Mr. SENN: Did I understand the minister to say that there has been no seed imported from Great Britain and New Zealand which was not coloured? I understood that that regulation had been suspended in the meantime.

Mr. GARDINER: For one year prior to January 1 it was possible for the seed to come in without any colouring, and from January on this special colouring was adopted. Now it is recommended that we go back to the original regulation regarding staining.

Mr. SENN: What reason was assigned for that?

Mr. GARDINER: It was intended to be a courtesy to the British seed grower, but in practice it was found not to be practical. The desire was to give some consideration to the British seed grower.

Mr. COLDWELL: I notice the minister said there was a reduction in grants. Would he give us some particulars of the reductions?

Mr. GARDINER: The subsidies and contributions show a decrease of $20,000. The amount was previously provided under this vote as a contribution to seed distribution policies in western Canada. This work is now largely covered by the Prairie Farm Rehabilitation Act, therefore the item for subsidies and contributions has been reduced accordingly.

Mr. COLDWELL: It is really a removal, not a reduction?

Mr. GARDINER: Yes. There is much more than that being spent under the rehabilitation policy.

Item agreed to.

Administration of grants to fairs and exhibitions, $14,240.

Mr. HAYHURST: What is the reason for the grant to the Saskatoon winter fair being $9,500, while to the Edmonton winter fair it is only $5,000? That appears on page 64. Why this great difference between Saskatoon and Edmonton?

Mr. GARDINER: It is because they operate a winter show at Saskatoon. The grant is the same as for the "A" shows, $4,000, and $5,000 for the winter show.

Item agreed to.

Grants, in the amounts detailed in the estimates, $318,500.

Mr. STIRLING: Is the status of the "A" and the "B" classes just as it was? Are there any alterations in either of them?

Mr. GARDINER: The status is the same for "A" and "B" fairs as it was last year. There have been no alterations.

Mr. SENN: Do all fairs that comply with the regulations and give the proper amount of prizes get the grant, or are there exceptions?

Mr. GARDINER: That is the policy. There is an attempt to have them all live up to it. There may be a little deviation here and there, just a slight difference which is not held against them, but the intention is to make them live fully up to the requirements.

Mr. HAYHURST: On page 64 I notice an item, Advanced Registry Board for Swine. I was wondering if there are any registered Cumberland pigs in Canada. Are there any herds of Cumberland pigs kept in this country?

Mr. GARDINER: I understand not.

Item agreed to.

Grants to agricultural organizations, in the amounts detailed in the estimates, $42,350.

Mr. SENN: Would the minister give us an explanation of what is necessary to qualify for these grants?

Mr. GARDINER: I do not know that I can say that there is any particular line of policy. Certain organizations have been supported over a long term of years because of the services they give. The nature of them is pretty well indicated in the names: the horse parade at Ste. Anne, Canadian Council on Boys' and Girls' Club Work, the Advanced Registry Board for Dairy Bulls, Eastern Canadian Live Stock Union, Western Canada Live Stock Union, Canadian National Live Stock Records, Canadian Saddle, Hunter and Light Horse Improvement Society, Advanced Registry Board for Swine. The British Columbia ploughing match is out this year. There is the complete list.

Mr. SENN: It seems to me that the eastern and western Canada live stock unions are very estimable bodies and should be supported. Why has the grant to those two bodies been reduced when these are the only reductions that have been made?

Mr. GARDINER: There are nine which have been discontinued altogether. For some time we have been considering cutting down on these grants with the idea that the money could be used to better advantage elsewhere. The eastern Canadian live stock union grant has been reduced from $1,500 to $1,000, and the western organization grant has been similarly reduced. We felt that we were justified in making these reductions in order to keep the expenditure down and use the money elsewhere.

Item agreed to.

Experimental farms—Experimental farms administration, $51,180.

Mr. COLDWELL: The other day I asked a question which the minister said could be better discussed under experimental farms. I understand that a number of graduates in Saskatchewan holding various degrees from western universities are employed in the soil surveys work and for several years have been paid on the basis of fifty-five cents an hour as graduate labourers. These men are doing very important work, and some of them are now getting into the thirties and still doing this work as graduate labourers. Are men who come within this category going to receive some consideration this year? In common with other members of the house, not only western members, but generally, we regard the survey of these western soils as of paramount importance to the dominion. In fact, it is unfortunate that the surveys were not undertaken years ago. Saskatchewan has done a great deal with the small appropriations available, and it seems to me that this work should be extended to cover the entire western area so that we may be prepared when we come to rehabilitate the country, as ultimately we shall have to do, because I have disquieting news from parts of Saskatchewan where there were copious rains. Some consideration should be given this particular staff, especially those of the university of Saskatchewan.

Mr. GARDINER: These men were previously working on the fifty-five cents an hour paylist, but their positions have been classified under the reorganization, and as they qualify through length of service and the necessity for their work is realized they will come under that classification. Some are already under it.

Mr. COLDWELL: I am glad to know that. I was not aware that the reclassification had taken place.

Mr. CLARKE (Rosedale): The salary of the director of experimental farms is $7,500. Last year it was $6,000. Is there any reason for the increase? The minister will find the details on page 64.

Mr. GARDINER: The actual increase is only $500. Previously $1,000 was paid out of another service, which made his salary $7,000. Now it is $7,500.

Mr. CLARKE (Rosedale): Last year, according to the estimates, his salary was $6,000, and from now on it will be $7,500.

Mr. GARDINER: It will all appear in one vote now. As a matter of fact, he was receiving $7,000 last year, though the salary for the position of director was $6,000. He obtained another $1,000 from another source, so that his salary was actually $7,000. Now it is being consolidated and there is an increase of $500.

Mr. COLDWELL: Last year and this year again I raised the question of labourers' wages on experimental farms. I understand that the rate of pay was increased for seasonal workers from twenty-one to twenty-five cents an hour, which was something. Many of these men are married and they work only a few months, so that they find it difficult to make sufficient in the summer to carry them through the winter. Moreover, I have been given to understand that conditions on the Scott experimental farm in regard to boarding houses and so on require the attention of the inspectors. I do not know whether complaints of that kind are justified, but recently I received a letter asking me to bring the matter

to the attention of the minister. I was going to do so by letter, but the opportunity has arisen this afternoon and I am mentioning the matter. With regard to these men who are working on the farms, the seasonal workers, some further consideration should be given them especially, as was pointed out by an hon. member sitting to my right, in view of the fact that large increases are given sometimes to heads of departments, increases that might well be distributed among the more poorly paid workers. If the conditions at some of the experimental farms in regard to boarding places require inspection, I suggest that the matter might be checked up.

Mr. GARDINER: Of course, complaints do come in occasionally with regard to conditions in boarding houses in connection with all activities, and we receive such complaints in connection with the farms. The conditions are always investigated as soon as possible after the complaints are received and are dealt with. So far as labour on the farms is concerned, there are two sides to the question. We try to pay a reasonable wage, but sometimes we come into conflict with those who are engaging agricultural assistants in the community and who consider that we overpay. We try to strike a happy medium and pay a reasonable rate without doing any injury in the district itself.

Mr. PELLETIER: What happens to produce grown on the experimental farms?

Mr. GARDINER: A great deal of what is produced is used experimentally. Some of it is fed on the farms, and some commodity such as milk is sold in some communities. We try to sell it in such a way as not to create competition with persons engaged in private industry.

Mr. PELLETIER: There must be a vast quantity of vegetables grown on the experimental farms, more than can be used on the farm itself. Is it given away to charitable organizations, or is it sold?

Mr. GARDINER: Some of the vegetables are grown for storage tests and those, of course, are put in storage. Many of the vegetables grown are of so many types and varieties that there is no sale for them in bulk. They are fed, if there is stock to consume them, or they are disposed of in some other way. There is no general policy, there being no sale for them.

Mr. PELLETIER: We have an experimental farm in Ottawa, and undoubtedly they must grow a vast quantity of vegetables of all sorts. There are many people in the city without gardens who could possibly use that surplus. I am not referring to anything of value for experimental purposes, but the surplus that is not used could be distributed to those who have not gardens of their own and who would appreciate a supply of fresh vegetables in the winter. I think it would be a nice gesture for the department to offer to give these surplus vegetables to poor people, until the supply is exhausted.

Mr. GARDINER: There is really only one way in which that could be done without difficulty; that is, to give it to hospitals, or to the Red Cross or the Salvation Army or such organizations to distribute. It would be very difficult for the farmers to distribute it themselves, and decide who is entitled and who is not. The wholesalers take anything that is of value.

Mr. BARBER: Is there some revenue from the sale of pure bred breeding stock?

Mr. GARDINER: Yes; there is a certain revenue.

Mr. SENN: I referred a moment ago to the experiments with landrace hogs. Last year we had some startling figures placed on Hansard by the hon. member for Wellington North (Mr. Blair). They seemed to indicate that the early maturing quality of these hogs in comparison with other types experimented with at the farm is almost incredible. Could the minister tell us briefly what experiments have been carried on during the past year and the results in relation to early maturity, and their adaptability for bacon?

Mr. GARDINER: The results of the experiments carried on to date have been given publicity through the press. A complete statement has been put out. I have not the report before me at the moment or I would read it. Generally speaking, the results show that there are some advantages in the type of hog that was introduced, and some disadvantages. From the experiments to date, it is not considered that there is sufficient balance of advantages over disadvantages to warrant attempting to interfere with the type we now have pretty well established across Canada, the Yorkshire type.

Mr. CLARKE (Rosedale): For freight, express and cartage the amount this year is $50; last year it was $490. Would the minister give the break-down of the 1937-38 expenditure, and why he anticipates only $50 this year?

Mr. GARDINER: There has been a redistribution as a result of the reorganization; part of the item is now in administration and part under the central experimental farm.

Mr. PERLEY: Would the minister give a statement concerning the experiments carried out at Indian Head and other stations in Saskatchewan with respect to rust resisting wheat, and when we may expect to have a general distribution of the varieties being experimented with during the last year?

Mr. GARDINER: That would properly come under the next item or the one following that.

Item agreed to.

Central experimental farm, Ottawa, $594,135.

Mr. GARDINER: As a result of the experiments carried on at Indian Head in connection with rust resistant wheats, there are three unnamed varieties now being carried under numbers. If they prove entirely successful, they will be distributed. There has been some distribution this last year of Thatcher wheat and Renown as well. But these other three varieties being developed we hope will be even better than those which have been distributed.

Mr. ROSS (Moose Jaw): Would it not be possible, either in the supplementaries or in next year's estimates, to provide for building at least one more large greenhouse at the experimental farm for the purpose of carrying on this work with rust resistant wheat and oats, and also experiments with beans, peas and other plants used in every part of Canada? Some ten years ago the greenhouses were enlarged, and the result has been a tremendous amount of good work done in building up new and better grains for Canada, especially rust resistant varieties. More greenhouse accommodation would not involve a very great expenditure. The department and the men who handle these grains should be highly complimented upon the work they have done. I have heard in the committee criticisms of the salaries paid to men in the experimental farms, but I believe most of these men are not paid enough. If we were to pay more money in these positions, we might have held some of the good men we have lost and be able to keep some of the good men who are coming along. There is no more useful work in connection with agriculture in this country. I hope the minister will soon be able to provide a sufficient sum to give these people more room to work.

Mr. HAYHURST: The work being done by the experimental farms is recognized throughout western Canada as being of a very high order. I wish to add my commendation and that of this group to what has been said. The development of Thatcher wheat and so on has done much for western Canada, and that work is appreciated by the farmers. Anything that can be done to assist the biologists and botanists who are carrying on this work should be done. We know the work cannot be done without greenhouses and equipment.

Progress reported.

At six o'clock the house adjourned, without question put, pursuant to standing order.

Thursday, May 19, 1938

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

NATURALIZATION CERTIFICATES

Mr. HANSON:

1. What was the total number of naturalization certificates granted in the Dominion of Canada in the years 1928 to 1938, inclusive, showing each year separately?
2. How many of the persons to whom such certificates were granted during that period were of oriental origin, showing each year separately?

Mr. RINFRET:

1.

1928	7,223
1929	7,344
1930	11,171
1931	10,897
1932	17,333
1933	17,136
1934	16,719
1935	16,566
1936	24,389
1937	25,330
1938	21,924
Total	176,032

2.

1928	66
1929	45
1930	39
1931	62
1932	13
1933	2
1934	2
1935	20
1936	62
1937	52
1938	41
Total	404

HARRINGTON EAST, QUE., POST OFFICE

Mr. HEON:

1. Has a new postmaster been appointed for the post office at Harrington East, county of Argenteuil, province of Quebec?
2. If so, who has been appointed, and on whose recommendation?

Mr. EULER:

1. Yes.
2. Roderick McTavish, recommended by L. L. Legault, K.C.

QUESTION PASSED AS ORDER FOR RETURN

CANADIAN GOVERNMENT ANNUITIES

Mr. JACOBS:

1. Why is the annuity branch administered by the Department of Labour?
2. What is the present premium rate on government annuities?
3. Is the present rate based wholly on the mortality table or was the interest rate a guiding factor as well?
4. Did the minister obtain from the Superintendent of insurance or any fellow of the institute of actuaries an opinion as to the adequacy of the present rate on government annuities?
5. Is there a yearly deficit on annuities already sold?
6. If the annuities branch has been operated in the past at a deficit, will the present rates offset that deficit?
7. Are Canadian government annuities held by citizens of other countries who are not living in Canada?
8. What is the maximum amount of benefit under a single annuity? Of the total number of annuities sold in the past three years what percentage of that number was for the maximum amount?
9. Is a record kept of the class of person who buys government annuities?
10. Can a purchaser of a government annuity pay only a small amount such as $10, and then after a length of years, by paying all the premiums before retiring age, receive his annuity?
11. Are the expenses, and deficits, if any, of the annuities branch met out of the consolidated revenue fund? If so, what amounts were paid in 1935, 1936 and 1937: (a) for expenses; (b) for deficits?
12. Does the government borrow the funds of the annuities branch? If so, at what rate of interest?
13. Are the funds of the annuities branch invested in securities? If so, what is the nature of these securities?
14. Are agents appointed by the government to sell annuities? If so, how are such agents paid? If by commission, at what rate? What would the annual payment to each of these agents amount to?

Mr. ROGERS: Tabled herewith.

PRIVILEGE—Mr. DUBOIS

On the orders of the day:

Mr. LUCIEN DUBOIS (Nicolet-Yamaska) (Translation): Mr. Speaker, I rise to a question of privilege. In an editorial published yesterday on the subject of the national defence estimates, the Ottawa newspaper Le Droit attributed to me and to all my dissenting colleagues, without exception, unjust and humiliating motives.

[Mr. Rinfret.]

We have never even thought of taking advantage of any means of evasion whatever.

On my own behalf and on behalf of my colleagues from St. Maurice-Laflèche (Mr. Crète), of Trois-Rivières (Mr. Gariépy), of Champlain (Mr. Brunelle), of Quebec-Montmorency (Mr. Wilfrid Lacroix), of Portneuf (Mr. Gauthier), of Quebec West (Mr. Charles Parent), of Laval-Two Mountains (Mr. Lacombe) and of Lake St. John (Mr. Sylvestre), I protest against this article. I wish to state once more in this house that our views regarding the increase in the military estimates are the same this year as last.

CANADIAN WHEAT BOARD

SUGGESTED FIXING OF MINIMUM PRICE AND ISSUANCE OF CERTIFICATES AS OF AUGUST 1

On the orders of the day:

Hon. W. D. EULER (Minister of Trade and Commerce): Yesterday on the orders of the day the hon. member for Qu'Appelle (Mr. Perley) asked for certain information with regard to the Canadian Wheat board. I desire to say to the house that the government, in accordance with the recommendation of the Turgeon commission, has decided to continue the wheat board for the crop season of 1938-39. The matter of price will be dealt with when the general wheat situation becomes clearer, and well in advance of the crop year.

PRIVILEGE—MR. WALSH

NEWSPAPER REPORT OF PROCEEDINGS ON BILL NO. 4, TO AMEND THE CRIMINAL CODE

On the orders of the day:

Mr. W. A. WALSH (Mount Royal): Mr. Speaker, on a question of privilege I should like to direct the attention of the house to remarks that I made on Tuesday evening when speaking on Bill No. 4, to amend the criminal code. I said:

It is for that reason that I am prepared to support the bill.

The following statement appears on page 1 of the Montreal Gazette of Wednesday, May 18:

W. A. Walsh, Montreal Conservative, condemned the bill.

I draw this statement to the attention of the house in order that the opinion expressed there will not be regarded as the opinion I expressed in the house.

Mr. LAPOINTE (Quebec East): They had to protect the hon. gentleman.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF AGRICULTURE

Central Experimental Farm, Ottawa, $594,135.

Mr. PERLEY: Would the minister explain the increase in this vote?

Mr. GARDINER: There are two items of increase: Permanent salaries, $13,876, and temporary salaries, $18,362, making an increase on account of salaries of $32,238.

Mr. HAYHURST: How many greenhouses at the central experimental farm are used for disease surveys and research work?

Mr. GARDINER: There are two in cereals, two in botany, one in horticulture and one in forage crops.

Mr. WALSH: Are there many people employed at the experimental farm who are not on the experimental staff but are classified as temporary employees, and have been there for a considerable number of years?

Mr. GARDINER: I have not the exact figure, but there are very few who have been temporary over a considerable number of years.

Mr. WALSH: I was informed that quite a number of exceptionally well qualified men are on what is called the temporary staff. They are doing good work and have been there, I will not say a considerable number of years, but quite a number of years, and I was wondering what the chances were of their being made permanent in order to get the benefits of that classification.

Mr. GARDINER: Most of them were student labourers who were taken on at the end of their courses. They are now reclassified under the reorganization, and will have a better opportunity of becoming permanent under the new set-up.

Mr. THOMPSON: Driving along Carling avenue I noticed an immense building being erected on the experimental farm. I should like to know why that building was erected, what was the necessity for it and what department it is for.

Mr. GARDINER: It is being erected by the Department of Public Works for the storing of records of the different departments. It has nothing to do with the operation of the experimental farm.

Mr. THOMPSON: I notice that there is an increase in this and the next item totalling $121,000. It is my opinion that there is a tremendous overhead in operating the experimental farm and the branch farms and stations.

Mr. GARDINER: That might perhaps be better discussed under the next item. The one before us deals with the central experimental farm only.

Mr. HYNDMAN: The seasonal labourers at the central experimental farm, who are mostly farmers' sons, receive from twenty-eight to thirty-four cents an hour, while the labourers employed by and under the Public Works department receive forty-five cents an hour. What is the reason for the difference in pay?

Mr. GARDINER: The main explanation is that the labour employed on the farm is agricultural labour. On our farms generally across the country we try to regulate the pay so that it will be somewhat in conformity with the general rate of pay prevailing for that type of labour. The Public Works department have what under their classification are called labourers but they are of a little different type from those we employ for general field work on the farm. There is also in connection with the Public Works classification some provision with which I am not fully familiar which has to do with the granting of holidays, and which works in with the rate of pay.

Mr. HYNDMAN: The seasonal worker at the farm, that is the farmer's son, has to work in the summer time fifty-eight hours a week, and in the winter fifty-three hours, whereas those employed under the Public Works department work only forty-four hours a week, or an eight-hour day. I should like to know why this distinction is made between these classes of labour.

Mr. GARDINER: The reason for it, I suppose, is largely one of custom and practice. In connection with artisans, for example, there is an eight-hour day, and speaking generally we adhere to that as a government. But there are no set hours for agricultural labour, and I think most of us realize that it would be difficult to operate a farm on an eight-hour basis. The farm is operated on a ten-hour basis.

Item agreed to.

Branch farms and stations and illustration stations, $1,365,692.

Mr. PERLEY: How many of these stations are now in operation?

Mr. GARDINER: There are 26 experimental farms and stations, and in addition we have 9 substations and 194 illustration stations.

Mr. PERLEY: Does the farm of Doctor Saeger Wheeler that was taken over at Rosthern come in this list?

Mr. GARDINER: No. My information is that that farm is not included in the figures I have just given.

Mr. PERLEY: Under what branch of the department is it operated? I thought it was taken over as a substation.

Mr. GARDINER: Mr. Wheeler, of course, was a very prominent worker in the selection of seed and in the showing of wheat at exhibitions. He cooperated with the department until he reached the age of superannuation, and then he went off automatically. The question whether he should be further continued is still under consideration.

Mr. PERLEY: I have had letters from several persons in that district, also resolutions passed, I think, by the Prince Albert board of trade, asking me to make representations that Doctor Wheeler be continued in the service. I understand that when his farm was taken over as a demonstration farm he was employed as a superintendent at a salary, I think, of $2,200, until he reached the age of seventy. He reached that age last year, I understand, and I am informed by the Prince Albert board of trade that he was superannuated or given a pension of seven-fiftieths of his salary. They think that Doctor Wheeler is quite capable of still carrying on this work; he is very active, and has certainly made an important contribution to agriculture in the development of pure seed, as the minister has just stated. I have been asked to make representations on his behalf that he be allowed to carry on that work at the farm for another few years. He was one of the pioneer settlers; he has certainly made a valuable contribution to agriculture, and I am very glad to make these representations on his behalf. A statement from the minister as to the work Doctor Wheeler is actually carrying on, and whether the suggestion will be considered, would I think be very welcome at this time.

Mr. GARDINER: The department have not had the farm of Seager Wheeler rented. He has been carrying on experiments on his own farm, which I believe is located just across the road from our experimental branch there, and I think for seven years he has been paid a salary by the department to carry on his activities on his own farm and be available at all times for advisory purposes to our station across the road. Until he reached the age of seventy that pay was continued. When he reached the age of seventy the matter of superannuation was considered. The general policy is not to continue men beyond the age of seventy, but representations have been made by the board of trade of Prince Albert and others that we should reconsider the matter. We have it under consideration at the moment, but no further decision has been reached. At present he is superannuated.

Mr. HAYHURST: I notice that there are three branch laboratories in the prairie provinces which are concerned largely with the diseases of cereals. Where are the three located?

Mr. GARDINER: That comes under the next item, science services. They are at Winnipeg, Saskatoon and Edmonton.

Mr. PELLETIER: There is a sub-experimental station at Beaver Lodge, Alberta, and from time to time there has been a great deal of agitation to make it into a full-fledged station. The Minister of Agriculture last summer made a tour of the Peace River and has first-hand information concerning the Beaver Lodge substation. Perhaps he is in a position to tell the committee what the government intends to do so far as the establishment of a station in the Peace River country is concerned. That substation has been operated for a great many years by one who is considered to be fully capable of performing his duties. I understand that he is well known to the minister. Apart from that there are the claims of the people of the Peace River country for a full-fledged station; and since the minister made a tour last summer and acquainted himself with the conditions, he may be in a position now to make a statement concerning this matter.

Mr. GARDINER: I did visit this station last summer and found that very valuable work was being carried on there. At the moment I am not in a position to state what the future policy will be with regard to it. I shall be in a much better position to discuss it when the supplementaries are down. Any provision which is made for such an establishment will have been determined at that time. I should much prefer to have the discussion deferred until we have the supplementaries down, and if there is an amount for that purpose in the supplementaries we can discuss

it from that point of view. But there is an amount in the general estimates for the enlargement of the work that is being done at Beaver Lodge.

Mr. PELLETIER: That is quite satisfactory. I am quite willing to await the supplementary estimates, provided of course that the minister agrees with me as to the need and desirability of establishing a station in the Peace River country.

Mr. GARDINER: There is no question about the need for a station in that vicinity.

Mr. MALLETTE (Translation): I desire to draw the attention of the Minister of Agriculture (Mr. Gardiner) and of the committee to a question of great importance to the farmers, especially the horticulturists, of the district of Montreal which, as you know, includes the county of Jacques Cartier. I have received from the district agronomist a letter from which I quote the following paragraph:

The horticulturists of the counties of Jacques Cartier, Laval, Two Mountains, Terrebonne and L'Assomption would like to see the farm at L'Assomption establish a substation either on the island of Montreal or on Jesus island in order to conduct the experiments required by the horticulturists of the district. We understand that the soil of the experimental farm at L'Assomption is not in all respects similar to that of the farms of most of the above mentioned horticulturists and that it would therefore be desirable for that experimental farm to rent a property on which to conduct its experiments, as the Lennoxville farm does at its substation in the county of Chateauguay.

It is sometimes forgotten in various sections of the country, Mr. Chairman, that Quebec also is an agricultural province. In order to prove that it is, I shall read into the record certain figures published by the Canadian Liberal Monthly and taken from reports of the Dominion Bureau of Statistics:

The following table indicates the value of farm production, by provinces, for the years 1933 to 1937 inclusive.

Gross Value of Agricultural Production in Canada

Province	1933	1934	1935	1936	1937
Prince Edward Island	$ 12,731,000	$ 12,997,000	$ 13,259,000	$ 15,765,000	$ 12,870,000
Nova Scotia	24,920,000	26,512,000	27,264,000	29,039,000	27,932,000
New Brunswick	20,880,000	24,867,000	25,402,000	30,408,000	26,517,000
Quebec	138,892,000	182,095,000	175,074,000	189,970,000	191,510,000
Ontario	280,814,000	304,733,000	315,256,000	360,329,000	357,201,000
Manitoba	57,996,000	71,318,000	59,368,000	77,659,000	121,253,000
Saskatchewan	113,726,000	132,162,000	161,273,000	185,532,000	91,902,000
Alberta	121,576,000	151,440,000	138,481,000	149,000,000	177,488,000
British Columbia	33,075,000	36,713,000	37,054,000	41,869,000	45,025,000
Canada	$804,610,000	$942,837,000	$952,431,000	$1,079,571,000	$1,051,698,000

Agricultural wealth in the various provinces, in 1937, is indicated by the following table.

Current Value of Farm Capital, by Provinces and Items

1937	Land and buildings	Implements and machinery	Live stock	Total
Prince Edward Island	$ 42,920,000	$ 6,142,000	$ 8,285,000	$ 57,347,000
Nova Scotia	91,084,000	7,990,000	15,453,000	114,527,000
New Brunswick	77,061,000	10,030,000	16,363,000	103,454,000
Quebec	684,131,000	73,489,000	117,025,000	874,645,000
Ontario	1,072,847,000	118,501,000	200,677,000	1,392,025,000
Manitoba	238,901,000	39,967,000	52,436,000	331,304,000
Saskatchewan	797,795,000	125,382,000	91,579,000	1,014,756,000
Alberta	517,003,000	86,284,000	85,072,000	688,359,000
British Columbia	113,239,000	10,669,000	22,258,000	146,166,000
Total—Canada	$3,634,981,000	$478,454,000	$609,148,000	$4,722,583,000

May I ask the minister to be kind enough to take this matter under consideration?

Shortly, it is this. I have been asked by the horticulturists of my county whether the minister's department would consent to extend the work of the experimental farm at L'Assomption, in the region of the island of Montreal, for the benefit of the horticulturists in that section.

Mr. GARDINER: There has been a separate establishment in the black muck area, in the vicinity of Montreal. Some experimental work is being done there. The question whether we should go further with that work is still under consideration. I do not know that I can say any more than that at the moment.

Mr. MALLETTE: The matter is under consideration?

Mr. GARDINER: Yes.

Mr. MALLETTE: Thank you.

Mr. PERLEY: I think there are one or two substations or illustration stations in the southern half of Saskatchewan, in what are commonly spoken of as the dried-out areas. I understand that some experiments are being conducted there with respect to controlling soil drifting. Could the minister give us any report on the results of those experiments?

Mr. GARDINER: Quite a number of stations have been established throughout the drought area in Manitoba, Saskatchewan and Alberta for the purpose of experimenting with ways and means of controlling soil drifting. At some of them, depending on the nature of the district, the idea being promoted is that of strip farming. At others it is the planting of certain types of grasses, or in some cases it is rye in strips two or three feet apart, in order to try to hold the soil and prevent drifting, with the object of getting it re-grassed—with the idea not of refarming it but of finding some way of holding and tying it down so that it will not be blowing over on to the next neighbour's land. Then there are other activities in connection with the ridging of the soil, so to speak, in order to gather a moisture supply and hold it. In addition to that, during the last winter at some of these stations they have been ridging the snow, with the idea that, with the drifting that goes on continuously in the west, and the snow always being so light that it sifts along like sand, a ridge of it can be gathered to the extent of two or three feet of snow upon a piece of land. All that is being done to conserve moisture and improve moisture conditions, which in itself tends to hold soil down and prevent drifting. There are activities in other lines, but these are the main ones, and we are getting very good results from them.

Mr. HAYHURST: Yesterday we were complimenting the officials of the Department of Agriculture upon the splendid work which is being done at the central experimental farm in collaboration with other experimental farms in the development of rust resistant wheat. Is this research work done mostly in Ottawa, so far as the development of rust spores and that kind of thing is concerned?

Mr. GARDINER: About half the work was done at Ottawa, the other half being divided among other places. Some was done in the laboratory at Winnipeg and a certain amount of work was done at the experimental farm at Indian Head. Some work was also done by the university of Saskatchewan, and at branch farms in western Canada certain experimental work was carried on in regard to production and the following up of the crop during the season.

Mr. HOWARD: I wish to say a word on this vote because the experimental farm at Lennoxville comes under it. I have been through the detailed expenditures of the farm there, and the justification for that farm is the service it can render to the community. They want a certain amount of money. In the supplementary estimates the minister might include another $5,000 for the Lennoxville farm in order to carry further some work that is needed in that section. I would refer particularly to the breeding of horses. We have now one breed, Clydesdale, and there is a growing feeling that Belgians should be included; and if this $5,000 could be brought down in the supplementary estimates for experimental farms and added to the budget of the Lennoxville farm, which by the way is rendering excellent service to the community, it would be of considerable benefit to all the people there.

Mr. GARDINER: There is, I believe, about $4,000 of an increase included in the general estimates for the Lennoxville farm. I cannot say at the moment what, if anything, will be in the supplementaries. They will probably be before the house in a few days.

Mr. BLACKMORE: May I express approbation of the work done on the experimental farms and offer a word of encouragement to the minister to go forward, extending the activities of these farms.

Item agreed to.

Science services administration, $25,435.

Mr. HAYHURST: I understand that rust work is carried on at Winnipeg. Have they proper greenhouse facilities?

Mr. GARDINER: There are greenhouse facilities at Winnipeg, but it is a question whether they are as extensive as they ought to be. We could always use increased space, but within the estimates that we have seen fit to bring before the house we have made provision for all the space we can just now.

Mr. CHURCH: I have not asked the minister any questions in connection with his estimates, but under this item of science services, which is the most important one I see in the whole of the estimates for agriculture, I would ask him what he is doing

for planned agricultural development for the next twenty-five years. After reading all that has been said, I cannot see that the minister has taken any steps to avail himself of the great opening in England to-day not only for new storage facilities underground, but for marketing, and other features of supplying the mother country with food in days of stress and strain. In the second place, I should like to see under this scientific department a closer cooperation than there has been between agriculture and industry. Last year I said:

I would like to see a maximum production of farm products, and would also like to see a close cooperation between agricultural and industrial producers; for the great and extensive needs of agriculture must be supplied. Prosperous industry depends upon a prosperous agriculture, and the Conservative party has always been associated with the development of agriculture. It is one industry which has not rallied to communist propaganda. I should like to see agriculture in Canada developed by a comprehensive plan, and one which would be adapted to Canada's situation. That could be done by the collaboration of the provincial representatives of agricultural departments with people concerned with industry, and in that way the whole rural population of Ontario would be lifted to a higher collective life. It could be done, not by ruining anybody but by merging single interests into one united national endeavour to develop agriculture in all its forms. In that way we would lift our country to a higher economic and social plane. Every individual should be engaged in this work.

I do not believe that there has been much development in the scientific field of agriculture. The British Minister of Agriculture has had an elaborate inquiry made into this very important question, because agriculture is failing to-day. In this connection I wish to read one or two paragraphs from an article that I came across recently. They apply to Canada's position at the present time. Canada should be supplying the mother country and collaborating with her in the scientific development of agriculture. This article is headed Waste Not, Want Not, and appears in the May issue of the great National Review. It deals with agriculture in the dominions and indicates how the dominions can help the mother country not only at the present time but in times of war and stress. Referring to Canada's scientific development of farming the writer says:

In the Dominion of Canada the fisheries are a declining factor, consequent on the application of a maximum of mechanical aids and a minimum of human power. The prairies in the central regions are losing their fertility in an endeavour to supply wheat for exportation with a maximum of machine power, and a minimum of man power; and the same sequence applies to timber or mineral productions. Over eighty per cent of Canada's exportations are basic raw materials or primary products, and the whole population of this vast extent of the earth's surface is only in the neighbourhood of 11,000,000.

The point which I wish to make clear is that during the last decade, since machinery in the dominion has been employed in geometrical progression towards the destruction of primary natural resources for export, the country has failed to increase in man power. Not only is this the case, but the problem of unemployment is probably as acute in Canada as elsewhere. The same reasoning holds to a more or less degree when applied to other parts of the British Empire from which countries, dominated by industrialism or relentless machine economy, derive their supplies of raw materials. . . .

Despite the Ottawa agreements the outer industrialized world derives infinitely more of its supplies of raw materials from the British Empire than does the United Kingdom. The avowed policy of Japan, Germany, or other countries which clamour for primary products is dictated solely by interests of industrialization or machine economy, and could not fail to have a further sterilizing effect on the growth of British dominions and colonies in population power.

The truth is that the mechanisms begin to exhaust the world's stock of raw materials, and most of the troubles in modern countries under the aegis of machine economy result from a gradually widening deficit of this supply of primary products. . . .

Scientific pundits tell us that they can create a thousand articles out of cow's milk, and india-rubber out of lime, and coal. But, fundamentally they cannot make something out of nothing, and that great metaphysical problem remains. In reality the scientist creates nothing; all he does is to transform one material substance into another; and a spider in the corner can do that without mathematical formulae, test tubes, or extraneous primary products. The scientifically minded, who sport the cap and bells of modern thought in most countries, assume that their transformations of man's natural environment into a state of artificial mechanical flux, wherein man will ultimately find no abiding place, must continue uncontrolled and unchecked. They constantly reiterate that this is progress, and the millenium is around the corner; but to my mind it is not progress which denudes the world's surface and at the same time tends to extinguish human personality and human fecundity. It is not progress which leaves vast areas of the world's surface destitute of natural resources and barren of inhabitants, condemns millions of people to wallow in the misery of forced unemployment, or flings them into the trough of modern war as cannon fodder.

As has been said in that article, "Waste not, Want Not" is not only true in England, but has a special application to the Canadian prairies. I have a number of the reports. I do not wish to be unfair to the minister, but he ought to do something to relieve this situation. Many farmers are going to the United States. For example, we have farms around the city of Toronto; scientific agriculture should not apply only to the prairies; there should be equality of treatment in connection with all these estimates. The minister should consider the suburban areas

of Canada scientifically and in every other way. My hon. friends from the west urge a great many problems upon the house; but they forget all about the suburban worker, the truck farmer and many other classes, and transportation which would lower the cost of living. These are very important features. I hope that during the recess the minister will collaborate with the British scientists I have named and with the British government to see what coordination there can be between Canada and the mother country. Do hon. members know that at Easter in 1918 the mother country had only two days' supply of food? She has to import 80 per cent of her food and 100 per cent of her raw material. If a crisis came again, as in 1914, she could be starved out, because she has 3,000 fewer ships to-day than she had in 1914.

Mr. GARDINER: One of the chief ideas we had in mind in sending to London this year a man with some scientific as well as practical knowledge of Canadian agriculture, and one who was himself born in England and had his earliest education there, was to take care of such a situation which has been mentioned. We felt that a man with that experience in different parts of Canada, the United States, and Great Britain, and with a scientific and technical knowledge of agriculture as well, would be in a position to do just such things as it has been stated should be done.

Much of the scientific work in relation to agricultural production is carried on in cooperation with such institutions as agricultural colleges, and the provincial departments of agriculture. Outside of the drought area work the distribution of funds expended for these purposes can properly be said to have been made fairly across Canada. In fact it will be found that most of those expenditures were made in the central part of Canada. That is only natural because much of the fruit and vegetable growing and work having to do with the kind of agriculture particularly concerned is carried on in that section of Canada.

Mr. THOMPSON: While I appreciate that a very excellent work is being done in the experiments carried on at these experimental stations and the central experimental farm, I still fear that we are building up a great white elephant requiring ever-increasing expenditure, and that agriculture is not deriving benefit in proportion to the amount being spent. Our expenditures are far too great for the benefits we receive, great as those benefits have been. This work could be done in such a way as to benefit the farmers, without being so elaborate and expensive. No one can examine into the experimental stations and the central experimental farm or the agricultural colleges without being struck by the fact that there is a great deal of unnecessary expenditure from which agriculture derives no benefit.

Mr. BLACKMORE: I am inclined to think that if the words just spoken by the hon. member for Lanark (Mr. Thompson) are true it is not because the work which is being done by the experimental farms is not valuable, but because of a trip-up somewhere else in our national economy, as a result of which our farm people are unable to derive benefit from the findings of agricultural research. I am sympathetic with the view of the hon. member for Broadview (Mr. Church). I believe we are neglecting altogether too much the consistent development of our agricultural productive power. I fear it is falling into decay. I said something about that the other night, and I do not wish to over-elaborate it; but what might happen should we be subjected to a grave international crisis, with our agricultural productive plant more or less depleted, has been cause for great concern to me. I do not wish now to make any suggestions as to practical steps to be taken, but I feel that the question we were discussing to some extent yesterday afternoon, that of stabilizing prices, making it possible for the farmer to produce, with a fair assurance of profit, swine, butter, eggs and other products, would be a very proper one upon which to centre our attention. I do not wish to say too much about this, but we may come to the point where it will be found altogether in the national interest to subsidize some agricultural industries, either by direct subsidy or by some sort of arrangement with the railways for a decrease in freight rates, or in some other manner to make sure that our agricultural productive plant shall be maintained. The articles read by the hon. member for Broadview indicate that there is growing alarm throughout the empire concerning this question. I commend the minister for his activities. In my judgment he has carried on his work this year with a high degree of efficiency and vision. I wish to assure him that he will receive no opposition from our part of the house when he undertakes to enlarge the activities of his department and go forward in strengthening Canada agriculturally.

Mr. BAKER: As the hon. member for Lanark (Mr. Thompson) has said, there appears to be an enormous amount of money being spent, and I accept his point of view as an experienced farmer that it is not produc-

ing adequate results. I notice that the total expenditure under the head of agriculture for the year 1936-37 was $1,117,000, and this year it is up to $9,160,000. Is that just because the treasury is receiving more money? Is it not true that much of this work is being duplicated in the different provinces? It is all the money of the public, just the same. I think the hon. member's point is well taken, that there is a good deal of money needlessly spent and without result. From a business point of view there should be much greater economy in this respect on the part of the federal government and the provincial governments as well.

Mr. GARDINER: The figures given by the hon. member in regard to the expenditure are not the correct ones. He compares the estimates of last year and this year, but the expenditure last year was $9,266,476 on the two items we have been considering in the general estimates, as will be seen at the bottom of page 5. The estimated total this year is $9,160,532, which is smaller than the total expenditure of last year, but as yet of course we have not dealt with the supplementary estimates for this year. It is possible that there may be a slightly larger expenditure this year when the supplementaries are brought down, but there will not be anything like the increase which has been indicated.

Mr. THOMPSON: May I ask the minister to explain the increase of $19,396 under this item?

Mr. GARDINER: This is the new branch of the department; that is, we have taken the science services of the different branches and put them all under one head, and of course there is a new administration set-up in connection with that, only part of which existed previously, which accounts for some of this increase. This year permanent salaries amount to $10,280, as against $4,959 last year. Temporary salaries amount to $4,155 this year as against $1,080 last year. In those two items there is an increase of $8,396. Then there are several new items: supplies, $500; printing and stationery, $2,000; travelling expenses, $3,000 and miscellaneous, $500. Those are all new. There is also provision for cooperative investigations, amounting to $5,000; that is new as well. These are the new services in the branch which has been set up.

Mr. DUFFUS: Last evening I intimated that if a comparison of the expenditures of the Department of Agriculture with those of the other departments were made, serious discrepancies might be disclosed. Yesterday we listened to a very well prepared speech by the hon. member for Greenwood (Mr. Massey) which I think should stand him in good stead at the forthcoming national convention of his party. Criticism was levelled at the Department of Agriculture and the minister at present responsible for its administration. It will be recalled that the hon. member for Greenwood recommended that the standard of Canadian live stock be raised by direct assistance to the farmers; that new and permanent markets for Canadian products be found, and that farming be made more profitable. I submit that the department is positively taking steps in that direction. Having been connected with farming either directly or indirectly all my life it is my opinion that this government, and the present Department of Agriculture, have done more to promote the interests of agriculture in a practical, scientific manner than any other department or government since confederation. The policies of agricultural trade expansion and general assistance to agriculture have been most effective during the past three years. The great increase in exports of agricultural products to the United States, to European countries and to Great Britain has in large measure restored the confidence of the Canadian farmer. Improvements in breeding, feeding, housing and the marketing of Canadian bacon hogs have been greatly facilitated by the information which has been placed at their disposal. The instructions and advice that have been given in connection with dairy products have increased the quality and quantity as well as the price. The development of seed grain and its distribution to areas for which it is best adapted has been promoted in a very excellent manner. Inspection, grading, packing and shipping facilities in respect of farm products have resulted in great improvement during the last few years. Dairy herds and soils have been more extensively tested, and I am most grateful to the officials of the department and to the minister for the work that has been and is being done in the constituency which I have the honour to represent in this house.

I am not intimating or suggesting that everything that is necessary has been done. I do submit, however, that commensurate with economic conditions and the available staff, rapid progress has been made in almost every direction. In conclusion I desire to give credit where credit is due.

Mr. BROOKS: I was very much interested in the remarks of the hon. member for Peterborough West (Mr. Duffus); it is very interesting to learn that the department is operating so successfully in his part of the country, but I do not think we in the maritime provinces have been blessed with the same benefits.

I should like to ask a question in connection with the potato crop of the maritime provinces. As the minister knows, we have been having great difficulty in marketing our potatoes during the last few years, and those interested in the industry have been looking for other outlets. One of the outlets that I understood was being experimented with was the possibility of using potatoes for the production of industrial alcohol, which I think would come under this item. I should like to ask the minister what success his department has had in the production of industrial alcohol from potatoes; if it is of any economic value to the farmers, and whether or not these experiments are being carried on at the present time.

Mr. GARDINER: There is an experiment being carried on in connection with the production of alcohol from potatoes, but as yet it has not been determined that alcohol can be produced commercially in that way; that is, in a way that would permit its being used to advantage as against other kinds of alcohol, or, if it is to be used for fuel, in such a way that it could be used as against other types of fuel.

The main service that has been given by this branch has been in connection with the study and treatment of diseases of the potatoes of the maritime provinces and other similar crops. Other services are given as well, such as issuing certificates on seed, which have made possible the marketing of the crop of that area. There has been an inspection service furnished also, which assists in marketing the crop in the central part of Canada. As far as this particular vote is concerned the investigation into the production of alcohol from potatoes, as well as the treatment of diseases, is being carried on just as actively as anywhere else.

Mr. BROOKS: Then the idea has not been abandoned that it may be of value at some time?

Mr. GARDINER: No, the idea has not been abandoned, but we have not yet reached a point where we can report it as commercially possible.

Item agreed to.

Animal and poultry pathology, $147,405.

Mr. THOMPSON: The items "temporary assistance" and "wages" seem to occur frequently in every department. What is meant by temporary assistance and wages?—because salaries are included in the preceding item.

Mr. GARDINER: Temporary service is required in every branch of the agricultural service, as it is in all other departments. We have temporary service due to the fact that persons have been taken on and have not yet completed the six months' probationary period before they become permanent. Then there is another class of temporary service where people are only seasonal employees. There are also those on wages who are engaged from time to time in connection with our different operations.

Mr. THOMPSON: Are those appointments all patronage appointments?

Mr. GARDINER: The temporary and permanent appointments are made under the Civil Service Act. Those who receive wages are taken on from day to day.

Mr. BARBER: Are the activities under this item confined to Ottawa or do they extend right across the country?

Mr. GARDINER: There are two laboratories in British Columbia and one at Calgary where this work is carried on. Then we have work being carried on at Ottawa.

Mr. BARBER: Would that be the one at Agassiz?

Mr. GARDINER: One is at the farm and the other is at Milner.

Item agreed to.

Bacteriology, $39,670.

Mr. BARBER: I understand that there have been some activities under this vote in connection with the dairy industry of British Columbia.

Mr. GARDINER: The activities include the study of problems arising in the processing of milk, in the manufacture of butter, cheese, ice cream, condensed milk, dehydrated milk, casein, milk sugar, fermented milks and by-products, and bacteriological, chemical and other research work for the purpose of establishing sound principles of manufacture in the dairy industry. The group confers with and advises dairymen and managers of dairies and milk product factories in regard to new problems requiring scientific treatment. It is also called upon to ascertain and develop the most appropriate methods to be applied in the making of high grade and uniform dairy products and to investigate and apply remedial measures to new defects which arise from time to time in manufactured products.

Work has been carried on in British Columbia particularly with regard to wood taint and surface deterioration in the storage of butter. The matter of wood taint and surface deterioration in connection with the storage of export butter has become a problem

of serious economic importance to the Canadian butter industry and studies have been and are still being undertaken to determine ways and means of overcoming these defects. The moisture content of boxes, the type of wood, the length of storage period, the temperature of storage and the methods of packing have been studied. In addition, the possible methods of treating the interior of butter boxes has been studied and new types of aluminum oil wrapper for storage butter are being investigated further.

Mr. BARBER: They have not arrived at a solution of that particular problem?

Mr. GARDINER: The proper type of box lining is considered a solution.

Item agreed to.

Entomology, $463,121.

Mr. PERLEY: A considerable annual expenditure is made under this item. I am not finding any fault with the work done by the department in an endeavour to control the infestation of grasshoppers, cutworms and so on. I think money spent in this connection is well spent. What proportion of this vote will be expended in Saskatchewan, and how many senior and junior entomologists will be located there? Perhaps the minister could give us some information as to the possibilities of infestation of cutworms and grasshoppers. There is a possibility that there will be an influx of political grasshoppers into Saskatchewan in the next two or three weeks, and I understand that these are more dangerous to the people than some of the bugs that have troubled us in previous years. I do not expect that the minister will give us the amount of money to be expended in controlling this latter grasshopper pest, because I realize that he may be one of the principal grasshoppers in that province. However, all jokes aside, I think that this is an important work being carried on under this branch.

Mr. GARDINER: The expenditures under this item in Saskatchewan are:

Saskatoon
  Field crop insects, $26,210.
Indian Head
  Forest insects, $7,278.

There will be other expenditures made in connection with field crops, such as:

Alberta, $20,939.
British Columbia
  Vernon
    Field crop insects, $5,875.
    Fruit insects, $7,865.
    Forest insects, $14,179.
  Kamloops, $11,600.
  Agassiz, $5,475.
  Victoria, $4,855.

Some of the investigations to be carried on outside Saskatchewan will be beneficial to that province. It is feared that this year the infestation of grasshoppers will be more widespread—I am speaking now of the variety that really hop—than in previous years. There is also the possibility that the same may be said with reference to the cutworm. During the early part of the season this year in the southwestern part of the province there seemed to be great danger of prevalence of the cutworm. I do not know whether the scientists will agree with me, but it has been my practical experience that in the years when you have considerable rainfall the grasshopper does not make the same inroads as in other years. That is also more or less true of the cutworm, although not to the same extent. I suppose we shall have to wait for developments to see whether either insect will make greater inroads this year.

Mr. STIRLING: To what extent does the dominion government assist in the control of grasshoppers?

Mr. GARDINER: We provide those who have the scientific knowledge to advise, but the real cost is carried by the provinces.

Mr. BROOKS: We have had very few pests, human or otherwise, in my province—

Mr. ROSS (Moose Jaw): From or in?

Mr. BROOKS: Both. But the cutworm has been committing ravages in the province in the last few years, and I would ask what the prospects are for the present year, whether the cutworm has been pretty well controlled or is likely to be bothersome again this year?

Mr. SPENCE: I am not getting on my feet, Mr. Chairman, to condemn the entomological branch, because they are doing a splendid service, but I do condemn the increase I see in the ten items on this page of approximately $300,000.

Mr. McLEAN (Melfort): The total is down $100,000.

Mr. SPENCE: There may be decreases in other items which I did not deduct, but in the ten items there is an increase of about $300,000. My hon. friend from Lanark (Mr. Thompson) has made some observations this afternoon to which I think the department and this house should give serious consideration. He is a farmer of repute, who has made a success of farming, and he also knows something about business, and men of his type are very scarce in this house.

Some hon. MEMBERS: Oh, oh!

Mr. SPENCE: Oh, yes. I think the rural members of this house, generally speaking, would vote to give the Minister of Agriculture the clock on the tower of this building if he asked for it, and then tell him he had not asked for enough and vote to give him more. The hon. member for Lethbridge (Mr. Blackmore) asked for the stabilizing of prices, but it is impossible to stabilize the prices of perishable articles. It cannot be done. That is just bunk.

Mr. BLACKMORE: That is what the hon. member for Greenwood (Mr. Massey) wants.

Mr. SPENCE: I do not care what the hon. member for Greenwood says. I have had some experience in this business, and the hon. member for Lethbridge has had very little.

Mr. BLACKMORE: That is what you think.

Mr. SPENCE: My hon. friend may have had experience in other lines. It is a shame that we are wasting so much money on experimental farms. I think it would be no substantial loss to the country if we had no experimental farms at all, particularly the central experimental farm at Ottawa. If you had smaller farms spread all over the country they would give the public greater service, but here you have this great, big expensive farm at Ottawa, and only a few years ago, when the hon. member for Melville (Mr. Motherwell) was Minister of Agriculture, we bought the old Booth farm to add to the central experimental farm—

The CHAIRMAN: I regret to have to interrupt the hon. member, but we have passed the items for experimental farms.

Mr. SPENCE: I apologize, Mr. Chairman; I was trying to accomplish something worth while, but if I am not permitted to talk a line of good sense I will sit down.

Mr. GARDINER: In answer to the hon. member for Royal (Mr. Brooks), there was a severe outbreak of the cutworm in a certain section of New Brunswick last year. A small infestation developed during 1937, but substantially no crop was destroyed in the greater part of the area infested. An annual survey is made of the abundance and life history and cultural conditions which make for outbreaks of this insect, and this helps in curbing it.

Mr. SENN: Two or three years ago a new kind of insect appeared that infested apples. It was called the apple maggot, and for a while there was grave danger that it would interfere with our export market because the regulations against infected apples going into the United Kingdom were very strict. I wonder what progress has been made in eliminating that pest. It appeared in certain sections of Ontario as well as in Nova Scotia.

Mr. GARDINER: The maggot is in existence. An attempt has been made to get it under control, and while its prevalence has been considerably decreased it has not been completely wiped out.

Mr. SENN: It threatened to make very serious trouble for our apples in the British market. Another insect which infected peaches appeared in the Niagara peninsula two or three years ago, and its ravages threatened for a short time to be very destructive. I wonder if the minister could say to what extent that pest is being controlled.

Mr. GARDINER: The oriental peach moth has been creating some trouble, but there is a parasite which has pretty well cleaned it up. The shipment of our apples to Great Britain is protected against infestation of maggots through our inspection system. A very close check is kept of all apples that go out of a district which is infected with the maggot.

Mr. GRAYDON: What progress has been made in controlling the warble fly? It is of considerable importance in our section of the province.

Mr. GARDINER: There is a very inexpensive liquid which will destroy it. It can be purchased and is being used by those who are desirous of destroying the warble.

Mr. ROSS (St. Paul's): What cooperation is there between provincial governments and the federal department in connection with these scientific services?

Mr. GARDINER: There is very close cooperation between the officials of the federal department and any officials provincially employed in agricultural colleges, schools and elsewhere; but the greater part of the expense of this service is carried by the federal department.

Mr. BARBER: Yesterday I mentioned an investigation into the destruction caused by the pea moth, and the minister said he would give me some information when we reached this item. I wish he would tell the committee something about the activities of his department in the lower mainland of British Columbia, and what results have been obtained in controlling the pea moth.

Mr. GARDINER: I have a memorandum here on the pea moth:

The pea moth continues to be of serious import in the pea-growing areas of Gaspé, Quebec, and the lower Fraser valley, British Columbia. In both areas, however, the pest was at somewhat less than its usual abundance,

the loss in Gaspé for the whole district being about one per cent, and in the most severely infested districts approximately ten per cent, with many growers, however, being unable to continue the growing of peas for market.

The same is substantially true in the lower Fraser Valley where in large districts dried pea growing has practically stopped due to the infestations in the past. An entirely satisfactory control has not yet been worked out, though certain cultural operations and oil emulsion sprays in British Columbia and the selection of sites for the pea plantings in the Gaspé country indicate that the infestations can be very materially, if not entirely eliminated, thus effecting a saving of many thousands of dollars to the industry.

That is a short review of what has taken place. There has not been any great progress made in meeting the infestation.

Mr. STEWART: I notice that under the item for entomology the staff seems to be the same as last year, 87, but in the item of temporary assistance there is a substantial increase, from $107,000 odd to $133,000 odd. This, I assume, is a summary of total salaries and wages. What is this temporary assistance, and why is there so much of an increase in the expenditure this year over last year?

Mr. GARDINER: Practically all of that increase in temporary staff is due to the infestation of sawfly in the lumbering areas. In cooperation with the lumber industry, we are attempting to meet that infestation. Most of the additional expenditure for temporary employment is for that purpose.

Mr. STEWART: Well, hasn't anything been done in that direction in the past?

Mr. GARDINER: Yes, something has been done in the past, but the infestation is growing more widespread and more difficult to handle, and we think a real attack should be made on it.

Mr. CLARK (York-Sunbury): I should like to mention the very valuable services of the entomological station at Fredericton, New Brunswick. Our city is particularly noted for the elm shade trees along the streets. A pest attacked those trees, particularly last year, and Mr. Balch, the head entomologist at Fredericton, from his research was able to show what would eradicate it. His advice has been taken by the city, and it is expected that as a result the trees will be saved. Not only shade trees but the forest trees are being cared for through the advice and information given by the departmental officers at Fredericton.

Have arrangements been made for improving the building occupied by the entomological branch at Fredericton? It is located on the campus of the university of New Brunswick. A mistake from an architectural standpoint was made in an addition to it, and situated as it is, that mistake should be corrected. It would not cost very much. The matter has been taken up with the department, but no progress has been made. I am sure that it would be in the interests of the department to see that that mistake is corrected.

Mr. GARDINER: I can only say that there is no amount in these estimates to take care of any improvement at Fredericton, but the matter is under consideration, and when the supplementaries are down we shall be in a better position to discuss it.

Mr. BARRY: What steps have been taken in the province of New Brunswick for the control or elimination of the sawfly. The minister a moment ago made some mention of the matter; I wonder if his statement could be made more complete?

Mr. GARDINER: The headquarters of the forest insect investigation work is at Ottawa, but there is a branch laboratory at Fredericton which takes charge of that work in New Brunswick and the Gaspé peninsula. The headquarters for the parasite work is at Belleville. There has been imported into Canada a parasite which destroys the sawfly, and this year 70,000,000 of these parasites were distributed. The Belleville plant not only has imported the parasite but multiplies them there, and distribution is made to different places, including New Brunswick.

Mr. STIRLING: What can the minister report with regard to the infestation by other insects than sawfly affecting the other conifers —the tamarack in the west, and the spruce and the red pine?

Mr. GARDINER: The two chief parasites are the larch sawfly, which is being dealt with through a parasite in much the same way as the other sawfly—and I understand that a distribution of that parasite has been made in British Columbia to deal with the larch sawfly—and the bark beetle. There is a method available of dealing with the bark beetle, and anyone communicating with the branches concerned can get information in that regard.

Mr. STIRLING: Would the minister gather that the infestation is growing rapidly? Is it sweeping up through the north, or what do the surveys indicate?

Mr. GARDINER: We have no definite report on that. We are not in a position to say whether or not it is extending northward.

Mr. PERLEY: This is the last item of the minister's estimates, and I know that he will be pleased, perhaps for more reasons than

one, that he is through. I think he will agree that we have more or less facilitated the passage of his estimates. This is, I believe, only the fifth day they have been before the house. I can remember occasions under the previous government when they were held up for many days.

Under one or two items the question of relief was discussed, and the minister stated that Doctor Stapleford's report was in his hands and would be distributed.

Mr. GARDINER: No—just by way of correction—I did not say it would be distributed. I said it is in my hands; the question of distribution has not yet been discussed.

Mr. PERLEY: If it is at all possible, will the minister make a copy of that report available to at least the members who are interested? Would he also have tabled the order in council, if one was passed, appointing Doctor Stapleford? Also will he state whether any sittings were held outside the city of Regina, and was any evidence taken under oath?

Mr. GARDINER: An order in council was passed—I do not have it here with me—appointing Doctor Stapleford. I do not know that there were any sittings. He was appointed not as a commissioner to investigate but simply to gather the information necessary and get opinions from organizations as to the administration of relief and as to what the best methods might be.

Mr. SENN: I suppose the order in council would include a statement of his duties?

Mr. GARDINER: Yes.

Mr. SENN: Why not table it?

Mr. GARDINER: The other matter with regard to the report has not yet been submitted to council and I cannot say whether it will be distributed or not. As to the discussion of any other matters having to do with relief, that will naturally come under the supplementary estimates, which have yet to be considered.

Mr. PERLEY: Could we have the order in council tabled?

Mr. GARDINER: Yes; I will have it tabled.

Mr. HAYHURST: I congratulate the minister upon the general work that has been done by the Department of Agriculture, but there is one matter regarding which I should like to have some information. I refer to the white grub, which affects the wheat of western Canada. If the department has a pamphlet on the subject I should like to know what it is. Could it be sent to the farmers who are directly interested in this particular insect infestation?

Mr. GARDINER: The department have publications dealing with the insect referred to and information may be obtained by application to the publicity and extension branch of the Department of Agriculture, Ottawa.

Mr. HAYHURST: What is it called?

Mr. GARDINER: It deals with that insect. I do not know the name.

Item agreed to.

DEPARTMENT OF TRANSPORT

Canadian travel bureau service—to assist in promoting tourist business in Canada, $250,000.

Mr. GREEN: Can the minister give a brief description of the work done by the travel bureau? What is the size of the staff?

Hon. C. D. HOWE (Minister of Transport): The amount asked for is to provide for the administration of the Canadian travel bureau for the fiscal year 1938-39. Further extension of Canada's tourist business is an essential part of the work of national development and indicates a clear way in which Canada can largely increase its national revenue. Practically every country is now recognizing the tourist traffic as a main item of trade, and the matter of attracting tourist travel has become a highly competitive business, with the governments of various countries either directly or indirectly carrying on tourist promotional work. Of this amount of $250,000 approximately $185,000 will be utilized for direct advertising in newspapers and magazines. Of this amount approximately $165,000 will be spent in advertising in United States papers and periodicals. The United States is the country from which Canada draws by far the greater number of its tourists, and approximately ninety-five per cent of the tourist expenditure in Canada is by tourists from the United States. That country is, however, the object of aggressive tourist propaganda by every other leading tourist country; consequently if Canada is to extend its present tourist travel from that country, or even to hold it, it is necessary that the stimulation of interest in the recreational attractions of the dominion be strenuously continued. During 1937 the bureau carried advertisements amounting to 302 insertions in sixty-three newspapers in the larger cities and 127 insertions in fifty magazines, most of them with nation-wide circulation.

During the year 1937 the bureau received a total of 75,196 inquiries as compared with 52,668 received in 1936, an increase of 42·7 per cent. Of these 75,196 inquiries 66,207, or 88 per cent, were the result of direct advertising.

This year we are devoting about $25,000 to the initiation of a campaign in the British isles, and we are already receiving very satisfactory returns therefrom. The campaign is carried out under the supervision of Canada House and under the immediate supervision of the Hon. Vincent Massey, high commissioner. This is a new departure, and if the results after the tourist season warrant, we may ask the house next year for an increase in the vote. To-day, we regard the effort in Great Britain as largely experimental.

The bureau has nine of a permanent staff, and during the tourist season, the rush season, we have a temporary staff of nine more.

Mr. GREEN: I take it from what the minister has just said, and also from the report of the department, that the work of the bureau is largely publicity, advertising, publications and work of that sort. I wonder whether the minister has read that portion of the report of the national employment commission, the Purvis commission, dealing with the tourist business. We have had so many reports this year that perhaps he has not read that particular one, but I would call his attention to a suggestion contained on page 10 of the Purvis report. Referring to the tourist trade the report states:

> Because the trade benefits all the people of Canada, and because tourists visit Canada, not provinces of Canada, and tour at will across provincial boundaries, the commission is of the opinion that the dominion government might be well advised to bring about a coordinated national effort to stimulate the tourist trade.

In other words, that the dominion might give national leadership in building up the tourist business. The report goes on:

> To this end the commisison recommends that the dominion government set up a national advisory tourist committee, representative of all the provinces, to advise governmental and other interested bodies respecting policies and administration of such phases of the tourist trade as come within their respective jurisdictions or as may be deemed wise to be brought under dominion jurisdiction, such advisory committee to be composed of a minister from each provincial government, a limited number of citizens interested in developing Canada's resources as attractions, representatives of the Canadian Association of Tourist and Publicity Bureaux, together with one or more ministers of the dominion government.

That seems like a reasonable suggestion. Has anything along that line been done by the government? I take it action would come under the Canadian travel bureau.

Mr. HOWE: The purpose of this vote, which was initiated in 1934, is exactly that described by the hon. gentleman. It was never its purpose to do all the travel advertising of the dominion. It has been set up for the purpose of coordinating the work of other agencies. Each province spends a considerable appropriation for the same purpose, each of our railways has appropriations much larger than this, and our steamship companies also have appropriations. The purpose of this vote is to coordinate the efforts of all agencies in the dominion seeking to develop the tourist trade, and to this work the dominion bureau is largely confined. The bureau directs the advertising; usually an advertisement from the dominion bureau is accompanied by one or more of other Canadian advertisements, either of provinces or of the railways. The purpose of including the federal advertising is that if the other advertisement does not meet a particular need it is apparent to anyone reading the advertising that there is a central agency at Ottawa from which information about any part of the dominion may be obtained. The principal work of the dominion bureau is to act as a clearing house. Provinces which receive inquiries relating to districts beyond their own areas forward them to the dominion bureau.

It is my own opinion after closely observing the situation that tourist development as far as advertising goes is highly technical work. The director of our branch works with directors of other agencies. It is an association of technical men, and it is my opinion that the situation could not be greatly improved by adding to that group men who have only a general knowledge of the subject, as suggested in the Purvis report.

Mr. GREEN: At the present time there is no such thing as a national advisory tourist committee. Would it not help if some such committee were set up?

Mr. HOWE: At every dominion-provincial conference the ministers concerned with tourist traffic discuss the matter. I have attended two such conferences, and I think they meet the need. I doubt very much whether duplicating as a dominion affair the travel bureaux found in every city in Canada would be much help. I should not be disposed to take the initiative in setting up the sort of organization my friend suggests.

Mr. GREEN: There is a further suggestion in this Purvis commission report, which I think could be worked on by the travel bureau.

At page 10 it says:

The commission submits that the following matters should be explored and advised upon—
National tourist highways;
Retail articles attractive to tourists on which import duties should be adjusted to reduce the sale price;
Souvenirs, in order that they may be symbolic of the products, history or art of the dominion;
Handicrafts, in order that the native crafts and skills may be taught, demonstrated, and their products exhibited so as to stimulate their production and sale;
Historic forts and sites, their restoration and marking;
Sports and competitive sports projects;
Accommodation improvement.

These suggestions are made by what we all admit was a very representative commission. It seems to me the travel bureau might well investigate these different suggestions and thus give a lead to the tourist bodies across Canada.

Mr. HOWE: Every detail of that work is carried on under the proper department of government. For example, our national parks provide for the sale of Canadian products for tourists visiting the parks. The government is assisting in the construction of highways, has done so for many years and will probably continue to do so. I see no purpose in putting any of that work under the direction of a tourist bureau, which is formed for an entirely different purpose, that of directing travellers to the attractions of Canada. The creation of the attractions is being adequately taken care of by the proper department of government.

Mr. GREEN: My idea is that the Canadian travel bureau should head up the development of the tourist business right across Canada. This report states that the value of the tourist business to Canada is over $300,000,000 a year. Perhaps the minister will not dispute that figure.

Mr. HOWE: Not at all.

Mr. GREEN: I suggest that he give these recommendations serious consideration. In the report of the bureau itself for the fiscal year 1936-37, at page 112 of the annual report of the Department of Transport, we find this statement:

Particularly interesting were the large number of inquiries regarding a trip across Canada, and a small folder descriptive of the trans-Canada highway trip was issued to provide information on this subject.

I have the folder on the trans-Canada highway trip. It bears the name of the minister and the deputy minister, but the automobile trip includes 250 miles by boat across lake Superior from Sault Ste. Marie to Fort William, and another 90 miles by rail in British Columbia where the Big Bend highway should be and is not. I have asked two ministers already what the present position is with regard to the trans-Canada highway, where gaps are still uncompleted. Could the minister give the committee that information?

Mr. HOWE: My friend has given it himself. There is an uncompleted part between Schreiber and somewhere in the Michipicoten area, about 250 miles in extent.

Mr. GREEN: That is the 250 miles mentioned in this pamphlet, the water trip between Sault Ste. Marie and Fort William. That does not refer to the uncompleted portion of the highway.

Mr. HOWE: The uncompleted portion is less than 250 miles—about 100 miles. I think work is proceeding at both ends to join in the middle. In the Big Bend section in British Columbia there is a gap, but work is being done there, divided, I think, between the Department of Natural Resources and the British Columbia government.

Mr. GREEN: When is it expected that the uncompleted part in northern Ontario will be finished? Is any definite effort being made to close it up quickly? It seems to me that both this government and the previous government have been very slow about getting the trans-Canada highway completed.

Mr. HOWE: As my hon. friend knows, the provinces have control of the highways, and allocate the funds, their own and the contribution of this government, as they see fit. I think both provinces are making an effort to close the gaps, and we are assisting them to do so.

Mr. GREEN: Can the minister indicate when it is expected that the gap in northern Ontario will be closed?

Mr. HOWE: I am not in a position to say that at the moment.

Mr. GREEN: This tourist vote has been the same for several years, and the industry is becoming increasingly important. Is the minister satisfied that the vote is large enough?

Mr. HOWE: We should like at least a million dollars; I am sure my staff could spend it very well. Since the tourist vote was inaugurated the tourist business has about trebled, so we think excellent results are being obtained with the present vote.

Mr. GREEN: Surely you are not taking credit for all that?

Mr. HOWE: My director claims credit for every new tourist coming in.

Mr. ROSS (St. Paul's): Of the funds contributed by the dominion government is any amount earmarked for any particular highway?

Mr. HOWE: All funds of that kind are spent under an agreement between the dominion and the provinces. An agreement is made each season, and the funds are allocated to different projects.

Mr. HAYHURST: When does the minister expect the road to be finished between Jasper and lake Louise? That will be one of the finest scenic highways on the North American continent. Thousands of tourists anticipate taking a motor trip through that country as soon as it is finished.

Mr. HOWE: The work on that road is under the Department of Mines and Resources, the estimates of which will be brought down shortly, and the minister of that department can give a better answer than I. But I know it is expected that it will be finished.

Mr. DUFFUS: Do the provinces contribute to the development or maintenance of our national parks?

Mr. HOWE: Not the national parks. The federal parks are the sole property of the federal government, and all expenditures are made by this government. There are, however, some provincial parks where the opposite is true; all expenditures are made by the provinces. The federal parks are maintained by the federal government.

Mr. LAWSON: What are the functions and duties of the official listed as an investigator in the travel bureau?

Mr. HOWE: Our department is constantly extending its list of tourist potentialities, and the investigator visits new roads that have been opened up or new sports resorts and places of that kind in order to collect information which may be sent out by the bureau in pamphlets or otherwise to tourists, and generally acts as a sort of development man for the industry.

Item agreed to.

Pensions and other benefits—Railway employees provident fund—

To supplement pension allowances under the provisions of the Intercolonial and Prince Edward Island Railway employees provident fund Act so as to make the minimum payment during the period January 1, 1938 to March 31, 1939, the sum of $30 per month instead of $20 as fixed by the said act, $26,300.

Mr. WALSH: This item has particular reference, I presume, to certain railways that were taken over with this obligation attached?

Mr. HOWE: This dates back to legislation passed in 1907. At that time the minimum pension of the Prince Edward Island Railway was $20 a month, and it was decided that owing to an increase in the cost of living the minimum should be brought up to $30 a month. At that time parliament undertook to provide the difference between the $20 and the $30. This fund is now closed and is declining slowly. It will disappear possibly in the course of another fifteen years.

Mr. LAWSON: What about the item labelled with an S, government employees' compensation; what does that relate to? I notice a very substantial increase there. If it is statutory there would not be an increase of $30,000 in one year, would there?

Mr. HOWE: That does not belong to this item.

Mr. LAWSON: I thought it was part of the same item.

Mr. HOWE: I shall be glad to explain it. This item applies to all employees of the federal government. We do not insure directly under the various provincial workmen's compensation acts, but we do treat our employees just as the provinces treat other employees who are insured under those funds.

Mr. LAWSON: That is in case of injury?

Mr. HOWE: Yes, in case of injury to a dominion government employee. The reason for the increase is that the national harbours were brought into this fund last year, adding a considerable number of employees who previously had not come under this provision. Up to that time each harbour took care of its own employees, but now that is administered by this fund.

Mr. LAWSON: This would not relate to all departments, would it?

Mr. HOWE: Yes, we administer this fund for all dominion government employees.

Mr. WALSH: And the insurance is carried in recognized insurance companies?

Mr. HOWE: No, Mr. Chairman; there is no insurance. If a case occurs it is settled under the laws of the particular province applying to workmen's compensation; we pay on that basis. The dominion government pays the money out of the consolidated revenue fund.

Mr. WALSH: Then it does not represent premiums?

Mr. HOWE: No.

Mr. LAWSON: You are your own insurers?

Mr. HOWE: Yes.

Mr. FINN: Might I ask what classes of employees of the harbours board come under this pension fund?

Mr. HOWE: Any employees who would come under the provincial acts. I think in some provinces it is employees getting up to $2,400 a year, while in others I believe the limit is $1,800 a year. It covers all employees of the dominion government while in the employ of the government, subject to such limitations as each province may determine.

Mr. FINN: Not necessarily civil servants?

Mr. HOWE: No, any employee.

Item agreed to.

Canadian National Railways—
Prince Edward Island car ferry and terminals —capital construction and improvements, $35,000.

Mr. WALSH: In the railway committee I discussed a matter pertaining to the Prince Edward Island ferry. At present I understand that there are two ferries there. Is that correct?

Mr. HOWE: There are two ferry boats.

Mr. WALSH: And do those two boats operate the year round, or are both operated only in the summer time and only one in the winter time, or what is the service given?

Mr. HOWE: Heretofore the newer boat has performed the service except during the periods of lay-up. The older boat has been used to take over while the other boat was being dry docked, as it must be each year, and also as a stand-by in case of accident. However, due to the increase in the tourist business arrangements have been made this year to put on a second boat to supplement the services of the newer boat during the tourist season. The purpose of this item, which was passed by the special committee on railways, is to take care of the necessary alterations to enable the older boat to handle motor cars efficiently.

Mr. ROSS (St. Paul's): What was the capital cost of each of these boats?

Mr. HOWE: I have not the exact cost here, but the new boat cost about $2,700,000, and from that I should say the other boat cost about $700,000.

Mr. WALSH: The service in the summer time is provided by the regular operation of two ferries, with one standing by in case of accident to either of those boats. Is that it? I presume that is in June, July, August and probably September, but during the remainder of the year there is only one ferry actually operating. Is that correct?

Mr. HOWE: There are two boats and up to the present only one has been in service at one time. The distance is only nine miles and of course this one boat makes a considerable number of trips per day in the ordinary course. However, it was found at the peak of the tourist travel last year that there were quite serious delays in handling the automobile traffic, so commencing this year both boats will be in service during the tourist rush. As I say, we are fitting up the older boat so that it will have conveniences for handling automobiles equal to those on the new boat.

Mr. WALSH: No doubt the minister is just as familiar as I am with the terms under which Prince Edward Island entered confederation. The word "efficient" was used in the contract under which they came into confederation, and they were also guaranteed continuous communication with the Intercolonial railway and the railway system of the dominion. It appears to me that during the greater part of the year there is no efficient service provided, and there certainly is not the continuous communication that was promised. I feel that we in this parliament are obligated by the contract entered into between the fathers of confederation and those representing the island. It may be that the service given to-day compares favourably with what was promised in 1873; but we have gone ahead considerably, and I do not think the connections between the island and the mainland are of that degree of efficiency and provide that continuity of communication which was contemplated when Prince Edward Island entered confederation.

I understand that in certain seasons, if you leave Montreal on the train that leaves around the noon hour, you are likely to have a wait of twenty hours at Sackville before you can make ferry connections to the island. That information was given to me by a gentleman who should know the conditions existing. He lives on the island and is actively associated with the board of trade in Charlottetown. He did not intend that this information should have any political significance. I do not want to discuss this item at any length, but I do want to lay this suggestion before the minister. I have not had as much time as I should like to have had to digest the information. It came in the mail only the day before yesterday, but it looks as though a serious effort should be made to live up to our contract to

provide ways and means of making the means of communication to and from the island more readily available.

The population of the island is shrinking, and I sometimes wonder if this is not due to our neglect of the opportunities to be found there. It is only an island, but it is one of the provinces of this dominion. I do not like to make comparisons between provinces because I remember what a certain author said about comparisons, but I do feel that the people of Prince Edward Island have put up with conditions that the people of other provinces would not put up with. It may be that they feel they have had to do this because their population is shrinking and they have not the voice in the affairs of the dominion that other provinces have. I know, if the hon. members from the island were present, they would associate themselves with me when I make the suggestion that we should do something. It would not cost a great deal of money to provide better travel facilities between the island and the mainland.

In the railway committee I suggested that the railway connections should be speeded up in order to assist tourist traffic and industry in general. The island has no great number of industries, but it is a rich farming country. I believe its farming population could be increased if conditions were more favourable. I also believe we could stop the shrinkage in the population and perhaps bring about an increase. I do not criticize the department or the minister; I am simply doing my duty to the island that was the cradle of confederation. I think we owe this to the island from the historic and economic point of view. I agree that the ferry service from the cape to the island could be quite good if the railway company would do its share and cooperate a little more in connecting with the ferries. But that is only in the summer months. For eight months in the year travel is made difficult through lack of proper facilities to get to and from the island and to make the proper connections with the railways. I leave this suggestion with the minister in the hope that it will receive the consideration it deserves. I feel sure the minister knows it deserves consideration. I do not want my remarks to be taken merely as criticisms directed at the department or the government.

Item agreed to.

Canadian National (West Indies) Steamships, Limited—Advances to Canadian National (West Indies) Steamships, Limited, repayable on demand with interest at a rate to be fixed by the governor in council upon such terms and conditions as the governor in council may determine and to be applied in payment of capital expenditure in connection with vessels under the company's control during the year ending December 31, 1938, $24,000.

Mr. GREEN: Is this West Indies service operated at a profit?

Mr. HOWE: It shows quite a considerable operating profit. It pays its interest to the public and this year returned $180,000 to the government to apply on old deficits.

Mr. GREEN: What is the total indebtedness to the government?

Mr. HOWE: The total capital invested is $10,954,000.

Mr. BLACKMORE: Why the decrease?

Mr. HOWE: These are capital items, and they are rather misleading in that they come out of the earnings of the steamships. No money can be appropriated for capital purposes, either by the railroad or by the steamship company, without a vote of parliament. This item represents additional capital funds that the steamship company has applied for to be used during the current year. It represents money to be spent in improving the boats.

Mr. BLACKMORE: Is it intended to extend this service, that is, to add more boats and extend their activities?

Mr. HOWE: There has been a suggestion to that end. This is a profitable service at the present time, but no plans have been formulated to put on additional boats.

Mr. STEWART: I understand that this is in the nature of a loan made each year to the steamships for carrying on their business during the year. Was the full amount of the loan made last year repaid?

Mr. HOWE: This is more or less a permission to spend money for capital purposes. The steamship company have the money out of earnings; we simply appropriate it to capital as we do on the railways, and neither the railways nor the steamship company can spend their money for capital purposes without a vote of parliament. It is really a loan from the government, but they pay the money back to us, or it adds to their indebtedness to the government.

Mr. STEWART: I wanted to know to what extent similar repayments were made last year.

Mr. HOWE: They paid us $87,000 in cash last year.

Mr. STEWART: On an advance of how much?

Mr. HOWE: We appropriated $98,500, but it runs in my mind that they did not spend the full amount. This was all gone into in committee when we had the officers there.

Mr. STEWART: My recollection is that they balanced up pretty well last year.

Mr. HOWE: Yes; I think they paid us more money than we gave them.

Mr. ROSS (St. Paul's): The consolidated profit and loss account shows a loss of $481,000, and I understood the minister to say there was a profit.

Mr. HOWE: There was a balance payable to the dominion after paying interest to the public. I did not say there was a profit including interest to the government, but last year was the first year they were able to take care of all their obligations, outside interest to the government, and pay some money to the government on account of interest.

Mr. ROSS (St. Paul's): They should make a profit on operation, including interest owing to the government. It really is a loss on account of operation.

Mr. HOWE: The interest due the government is largely interest on accumulated deficits; in other words, it is interest on money that they lost. Only a small part of it is interest on government funds that went into the purchase of the line. The line was purchased from a bond issue which was sold to the public and is still an obligation of the company, which they are taking care of; but in the earlier years considerable deficits were piled up, and the interest due the government is, in part, interest on money borrowed from the government to pay operating losses.

Item agreed to.

Transport — departmental administration, $373,124.

Mr. GREEN: The details of this item are on pages 208 and 209 of the estimates, and include $30,000 odd for miscellaneous expenses. What are covered by miscellaneous expenses?

Mr. HOWE: The miscellaneous item is to provide for any special investigations or examinations that may be required in connection with matters administered by the department, also legal expenses and expenses of arbitration proceedings and for the advice and assistance of experts, damages, and for general expenses not otherwise provided for. We have in this department the administration of steamships, and occasionally special investigations are required or unexpected legal expenses incurred, for which payment must be made. This general item covers these expenses. Included in this vote is $10,000 to be paid to the Canadian National Railways for expert services in connection with the reorganization of the filing systems of the department. We had three filing systems to consolidate. All were different systems, and some were very old, so we brought in experts from the Canadian National Railways who are revising the entire system.

Mr. GREEN: Since the minister took over the department, has any investigation been made into the advisability of removing Ripple rock in Seymour narrows between Vancouver island and the mainland of British Columbia? For many years there has been an agitation to have the top of that rock cut down because it is quite a menace to navigation, but so far the work has not been done.

Mr. HOWE: Our officers have investigated the situation, and as far back as eight or nine years ago a recommendation was made to the Public Works department that they put it on their list of projects. Nothing has been done about it recently.

Mr. GREEN: Would it not be possible to have it done this year? What cost is involved?

Mr. HOWE: Around half a million dollars, I believe. I cannot say whether anything will be done this year or not.

Item agreed to.

Canals service—Canals—Operation and maintenance, $2,177,450.

Mr. STEWART: What is the reason for the increase?

Mr. HOWE: The increase is due in part to the restoration of the salary deduction, $32,708.39; statutory increases, $15,125; staff increases, one stenographer at $1,380, two bridge men at $755.75 each, one bridge man of $604.60; total staff increases, $3,496.10. Then there are certain contracts and agreements entered into for the improvement of roads, usually in cooperation with the towns. There is an item of $25,255 for roads on canal properties. There is a decrease of staff amounting to $6,048, and a decrease due to the payment of the minimum salary, where those at the maximum salary are being replaced, of $6,205; decrease in amount required for temporary assistance, $9,212; decrease in materials and supplies, $19,499; sundry decreases amounting to $943; making total decreases of $41,900, and a net increase of $34,675.

Mr. STIRLING: The principal item is the Welland canal and the Sault Ste. Marie canal?

Mr. HOWE: The St. Lawrence canal is also quite expensive. Then there are the Cornwall, Soulanges and Lachine canals; St. Peter's canal in Nova Scotia, the Welland and Trent canals in Ontario. The expense is less on the smaller canals.

Mr. STIRLING: There is also the Rideau.

Mr. HOWE: Yes.

Mr. STIRLING: Is there any revenue from the canals?

Mr. HOWE: There is a revenue of one million dollars odd from the Welland canal from the sale of water rights and the lease of certain canal property. That is the main item of revenue. There are no tolls.

Mr. McNEVIN: Do I understand that the dredging operations at Bobcaygeon are to be continued this summer?

Mr. HOWE: That is to be continued this summer.

Mr. STEWART: There is some revenue from the Rideau canal, is there not, some tolls or fees?

Mr. HOWE: There is the water power on the Rideau and also on the Trent. There are no tolls.

Mr. STEWART: No lockage charges?

Mr. HOWE: No.

Item agreed to.

Canals—Improvements, $347,200.

Mr. STEWART: I notice that recently some additional power development was contemplated at Kingston Mills or near there. Could the minister give any information in connection with that?

Mr. HOWE: A small individual lease had fallen into disuse, and it was leased to the Gananoque Light and Power company.

Mr. STEWART: What was the extent of water power under the old lease which has fallen into disuse?

Mr. HOWE: Thirty-five horse power.

Mr. STEWART: Only thirty-five horse power?

Mr. HOWE: A very small lease.

Mr. STEWART: Is that all the additional power that has been turned over to this company?

Mr. HOWE: No. The new lease provided for about two hundred horse power, and it was made possible by turning in an old contract where the water was not used very efficiently; we were able to develop about two hundred horse power, which we sold to the Gananoque company.

Mr. STEWART: Have any additional works been undertaken by the department in order to provide this increased water power?

Mr. HOWE: No. The development is to be entirely by the company. We simply sold the water rights.

Mr. STEWART: What is the nature of the work that the company is doing? They are constructing a power house, I know.

Mr. HOWE: They are building a new dam and power house; that is incorporating the power house in the new dam.

Mr. STEWART: And where is the new dam to be constructed?

Mr. HOWE: About two hundred feet below the government spillway at Upper Brewers' Mills.

Mr. STEWART: Is there a development of power at that site?

Mr. HOWE: The old development was at Brewers' Mills, I understand.

Mr. STEWART: The thirty-five horse power?

Mr. HOWE: The thirty-five horse power. They are going below that to put in a dam which will develop two hundred horse power.

Mr. STEWART: At that point?

Mr. HOWE: Just below the old location.

Mr. STEWART: Substantially the same point. What is the rental of that power?

Mr. HOWE: It is in the vicinity of $500 per annum. It is about $2.50 per horse power for the water rights.

Mr. STEWART: And what is the length of the lease?

Mr. HOWE: Approximately twenty-one years. It parallels another lease that the Gananoque Power Company have.

Mr. STEWART: I do not want to seem to be asking too many questions; perhaps the reason I am asking so many is that I did not make a complete statement and ask the minister these things all at once. How does that rate compare per horse power with the average rate on the same canal?

Mr. HOWE: This is the standard rate for all new water powers on the canal. There are some very old leases with lower rates, but this is exactly the standard rate which has been charged for water powers since the canal water rates were put on a uniform basis.

Mr. STEWART: I think a survey by the department and a revision of the rates took place some years ago.

Mr. HOWE: Yes.

Mr. STEWART: About when were the survey and the revision of rates made?

Mr. HOWE: Approximately fifteen years ago.

Mr. STIRLING: Why is item No. 399 kept separate from item No. 398? Is this capital expenditure?

Mr. HOWE: Canal improvements; that is capital. It is not treated as capital, of course, in the government books, but it means that it is spent in improving the canal system. Of course the government books treat as capital only capital which has a direct return to the government, interest bearing capital. But this is a capital vote.

Mr. CLARK (York-Sunbury): What is the meaning of the item "contributions"?

Mr. HOWE: We have a considerable number of highways on canal property, and these highways are often used by municipalities in which the property lies. For a number of years the department has followed the policy of making arrangements with the towns, usually along the line of putting the highway in fair shape and then turning all its obligation over to the town. Similarly, with regard to bridges on public highways, we contribute in the case of a new bridge the cost of the draw span, that is the cost of the work incidental to the canal, and usually the province or possibly the town builds the abutment of the bridge with the help of the contribution we make on account of the movable span.

Mr. ROSS (St. Paul's): What would the deficit be on the canals of Canada in a year?

Mr. HOWE: I think our upkeep cost is about $1,000,000 a year. The cost of operating and extras runs to about $2,500,000 a year. Our revenues are about $1,000,000 a year.

Mr. ROSS (St. Paul's): Has the minister any idea upon which canals the deficits occur? How much, for instance, would the deficit be in the case of the Welland or the Sault canal?

Mr. HOWE: Of course the hon. member can get the figures quite easily from the report of the department. We show separately the cost of operating each canal and the revenue from each canal. I shall be glad to give the hon. member the figures, though it may take a little time. They are in the report of the Department of Transport.

Mr. GREEN: How is that particular vote to be apportioned between the different canals?

Mr. HOWE: Ontario, St. Lawrence canals: For the Cornwall canal, $7,000. Quebec canals: For the Carillon and Grenville canals, $4,800, plus $3,000; for the Chambly canal, $4,500 and $2,300 and $3,100; for the Soulanges canal, $12,000. For the Rideau canal the amount is $16,000. For the Trent canal the amount is $46,000, and for the Welland canal, $248,500.

Mr. STEWART: I was made aware, in years gone by, of some grievances in connection with the Rideau system owing to the operation of the power plant at Kingston Mills. The contention was made that the operation of this plant had the effect of lowering the level in some of the other reaches to the detriment of navigation and of cottage and other owners along the Rideau system. I assume that attention has been paid to these complaints, because the department must have been made aware of them, and I should like to know what action has been taken, if any, to remedy these real or alleged grievances. Are any complaints of that kind coming in under existing conditions? The idea was that the party having the lease of the power development at Kingston Mills, which of course is fed from the higher reaches, was really getting more water than he was entitled to under his lease, with the effect that I have suggested. Of course, the right of navigation is superior; it is the first right, and the department has, I assume, to maintain a level sufficient for navigation. But will these grievances remain?

Mr. HOWE: I am told that in the low water season the power company can obtain practically no water at all. We do our best to maintain navigation levels, but the shortage is due to evaporation. The power company are now building two storage dams off our property altogether in branch streams, and it is expected that when they are finished they will be able to regulate the levels there so that there will always be water available for power purposes.

Mr. STEWART: Another matter I wish to bring up in connection with the Rideau canal system is the condition of a bridge over the canal at Newboro. I corresponded with the minister about the matter. The difficulty arises in this way. There is a provincial high-

way leading from Westport to Newboro and on to Brockville, and during the winter there was the usual demand that the highway be kept clear of snow and ploughed. The provincial department does that work, but this bridge was not of sufficient capacity to permit of the passage of a snow plough over it, the result being that on the five or six mile stretch of road from the canal to Westport the road was not ploughed. There was some correspondence about the matter and letters appeared in the press. I should like to know what position the department has taken towards the improvement or the reconstruction of this bridge. Its capacity is extremely limited in any event; it is narrow. In my opinion it is inadequate for the traffic of these times on the provincial highway and it should be improved. What is the rule or regulation or policy of the department when an improvement of that sort is required on a provincial highway?

Mr. HOWE: The matter came up some three years ago, I am told, and at that time we offered to pay the cost of replacing the present bridge with a stronger structure. We consulted the Department of Justice as to what our obligations were and agreed to make a contribution in keeping with the views of that department regarding our obligations. That offer still holds.

Mr. STEWART: The effect would be that the new span would be ample for carrying all modern traffic, including the snow plough?

Mr. HOWE: Yes.

Mr. STEWART: And that would be paid by this government to the provincial government?

Mr. HOWE: The provincial government, of course, can build as wide a span as they like, but our contribution is limited to our obligation, which is to maintain an adequate bridge of the present width. We offered to make that contribution to the province.

Mr. STEWART: The dominion then would pay the whole cost of the span required for modern traffic?

Mr. HOWE: No. This occurs very frequently. Whenever a new bridge is built, obligations of the dominion arise, and that is the practice which was decided on years ago by the department in consultation with the Department of Justice. We have a policy in all these matters and are applying it in this instance.

Mr. STEWART: On what basis would the department determine the obligation of the dominion at this time when a new bridge is needed, the old one being entirely inadequate for modern traffic?

Mr. HOWE: We are willing to replace the present bridge with a bridge adequate for present needs. We limit the cost to the width of the present bridge, the Department of Justice having advised us that our obligation does not go beyond that.

Item agreed to.

To provide for expenses in connection with St. Lawrence ship channel surveys and investigations, $3,000.

Mr. MacNICOL: How is that survey proceeding?

Mr. HOWE: Nothing new is being done, but we are making continuous records of flow information in that section. Of coures, it is the section that would be involved in the St. Lawrence seaway if we were proceeding with that.

Mr. MacNICOL: East of Montreal?

Mr. HOWE: Upriver, between Montreal and Kingston.

Item agreed to.

To provide for the carrying out of flow measurements and other expenses connected with the department's supervision and control over the hydro-electric power development of the Beauharnois Light, Heat and Power Company, Limited, $5,000.

Mr. HOWE: This is to cover the cost of administering the dominion government agreement with the Beauharnois Light, Heat and Power Company, Limited.

Mr. MacNICOL: Why do the Beauharnois company not pay the expense themselves? They get the water.

Mr. HOWE: It is provided for by order in council P.C. 504 of March 1, 1932. Section 21 provides:

The minister or his authorized representative shall at all times be empowered:

1. to have free access to the works of the company;

2. to control the operation of the compensating or regulating sluices wherever situated;

3. to measure the discharge of the various sluices, turbines, penstocks or other water passages forming part of the company's works;

4. to control the opening and closing of gates in the control dams, and;

5. to adjust the flow of water in the interests of navigation.

Mr. STIRLING: The canal remains entirely a private work; the dominion government has no say about it?

Mr. HOWE: The ownership of the canal is vested in the dominion government. It was built privately, but under an agreement which provided that the ownership should pass to the dominion government when it was constructed.

Mr. STIRLING: Then the government is responsible for the maintenance?

Mr. HOWE: No; the power company is under obligation to maintain it, but the canal property is vested in the crown. The operation is by the Beauharnois company, except that we keep a man there to supervise the operation in the interests of navigation.

Mr. MacNICOL: What salary is paid that man? In the list of expenses, page 218 of the estimates, I note: Temporary assistance, $1,000; travelling expenses, $2,300; materials and supplies, $700; and sundries, $1,000. Why do the Beauharnois company not pay all that?

Mr. HOWE: This man simply goes down to check the operations of the company. It is the travelling expenses of men from Ottawa who go there to see that the canal is being operated as we desire, and for various other purposes. It does not cover the actual operation of the canal in any way, but is to check the company's operations and issue instructions to make sure that the regulations of the dominion are carried out.

Mr. MacNICOL: How many times a year does he inspect?

Mr. HOWE: Every three or four weeks.

Mr. MacNICOL: The travelling expenses are pretty high, $2,300 for twelve trips a year to Beauharnois.

Item agreed to.

National harbours board — Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures during the calendar year 1938 on any or all of the following accounts:

(a) Retirement of maturing debentures—
Halifax, $1,700,000.
Saint John, $60,256.94.
Quebec, $400,000.—Total, $2,160,256.94.

(b) Reconstruction and capital expenditures (revote $36,000)—
Saint John, $130,000.
Chicoutimi, $12,000.
Quebec, $365,500.
Trois Rivières, $160,000.
Generally unforeseen, $100,000 — Total, $767,500.

Total, $2,927,756.94.

Mr. GREEN: How are the items set out in subparagraph (a), retirement of maturing debentures, handled? Is it a case of the dominion paying off private bondholders and so assuming the liability?

[Mr. Stirling.]

Mr. HOWE: Yes, this represents financing carried out some four or five years ago. As these bonds mature they are taken up by the dominion government and carried as a loan to the national harbours board by the government instead of by the public. This item includes $1,700,000 for Halifax, five year debentures series "M" and "D" for the cold storage plant bought in 1933 by the then government; for Saint John, $27,756, five and a quarter per cent debentures and $32,500 six per cent debentures issued originally by the city of Saint John. When the harbour commissioners took over the property they assumed liability for these bonds. The bonds mature this year and the indebtedness is being transferred to the crown. Also included in this item are $400,000 four per cent debentures issued by the Quebec harbour commissioners.

Mr. GREEN: Do the different bonds carry different rates of interest?

Mr. HOWE: Yes.

Mr. GREEN: When the government takes over the indebtedness, does it continue to charge those rates to the respective harbours, or a standard rate?

Mr. HOWE: An agreed rate of three and a half per cent is charged on all new loans to the national harbours board.

Mr. MacNICOL: Does the government receive any real return in money; if so how much?

Mr. HOWE: All the national harbours except one show an operating profit. I might give a little statement of what has been accomplished in the two years.

The principle of central control of Canada's national harbours has now been in effect considerably over two years. At first the administration was under a temporary board, but since October 1, 1936, the permanent board appointed pursuant to the provisions of the National Harbours Board Act has been in charge.

Without going into details of the many steps taken by the board to improve the position of our national harbours both from the point of view of efficiency and dispatch and from the financial standpoint, I should like to draw the attention of hon. members to a few figures indicating the substantial and gratifying progress which has been made thus far.

Taking each of the harbours that have been administered under the new system throughout the past two years, and comparing the results in 1937 with the situation in 1935,

the last year the harbours were under the administration of local commissions, we find as follows:

At Halifax an operating deficit of $3,915 in 1935 has been turned into an operating surplus of $152,268 in 1937. At Saint John the operating surplus in 1935 stood at $50,094. In 1937 the operating surplus had increased to $195,650, an increase of $145,556. At Chicoutimi an operating deficit of $7,073 in 1935 has been turned into an operating surplus of $7,389 in 1937. At Quebec the operating deficit in 1935 stood at $315,284. Last year the operating deficit was $124,554, an improvement of $190,730. At Three Rivers an operating surplus of $45,239 in 1935 became in 1937 an operating surplus of $154,286, being an increase of $109,047 in operating surplus. At Montreal, leaving out the Jacques Cartier bridge, the operating surplus in 1935 was $1,637,803; in 1937 it was $2,240,550, or an increase of $602,747. At Jacques Cartier bridge, Montreal, the operating surplus in 1935 was $202,259; in 1937 it was $339,235, representing an increase of $136,976 in operating surplus. At Vancouver the operating surplus in 1935 was $800,490; in 1937 it was $927,818, representing an increase of $127,328. The Second Narrows bridge, Vancouver, showed in 1935 an operating surplus of $42,085; in 1937 an operating surplus of $102,288, representing an improvement of $60,203. In each of the above cases substantial savings in operating and maintenance expenditures contributed materially to the improved showing.

Speaking generally, the result of two years' operation under the principle of national central control of national harbours may be stated thus: In 1935, the last year the harbours were under the administration of local commissions, aggregate operating revenues stood at $7,427,454.77. In 1937 the aggregate operating revenues were $8,262,221.63, an increase of $834,767, or 11 per cent. During the same period operating and maintenance expenditures were reduced from $4,975,755.52 to $4,268,675.25, a decrease of $707,080, or 14 per cent. In other words, while the business of the ports increased by 11 per cent, operating expenses were cut by 14 per cent. In 1935 the aggregate operating income of the harbours of Halifax, Saint John, Chicoutimi, Quebec, Three Rivers, Montreal and Vancouver was $2,451,699, and in 1937 it was $3,993,546, being an improvement of $1,541,847, or 63 per cent in the net position.

Mr. MacNICOL: That is in the net operating position?

Mr. HOWE: Yes, the net operating position; in other words our net improved from $2,451,699 in 1935 to $3,993,546 last year. This increase reflects only the relative operating position. Notwithstanding this improvement, when proper allowance is made for depreciation, and interest is charged on capital, there still remains a net income deficit, as shown by the accounts of the board for 1937, of five and a half million dollars. I might say that this deficit is after charging proper depreciation at the several ports and also charging the interest due the public and the government on loans from both sources.

Mr. MacNICOL: The minister deserves credit for the improvement in the net operating position. It would be very fine if he could suggest to the committee some way of improving the total, real position in view of the loss resulting from depreciation and interest. Surely there must be some way to overcome that deficit of five and a half million dollars. If that could be done in some way, I should say there would be a real, marked improvement all along the line.

Mr. HOWE: Well, if my hon. friend is a constant reader of the Montreal Gazette or the Quebec Chronicle-Telegraph, he will find that steps have been taken recently to do that very thing.

Mr. MacNICOL: As a matter of fact, I have not had time to read the press at all during the last few days.

Mr. HOWE: We had a readjustment of rates this spring which, I think, will help considerably.

Mr. FINN: What is the operating cost of the centralized board at Ottawa?

Mr. HOWE: The head office expense, including engineering supervision from head office, amounted last year to $130,909.

Mr. FINN: That is the centralized cost of operation, is it?

Mr. HOWE: That is the cost of the head office; that is head office expense, including salaries, $89,060; travelling expenses, $7,010; advertising, $2,026 and office expenses, chiefly engineering, $13,891.59. Then the treasury office—that is the finance department, who handle the accounting—charged back to the harbours board $18,920.27 as their cost of accounting services to the national harbours board.

Mr. FINN: What was the operating cost of the harbour boards during the last year they operated?

Mr. HOWE: All harbour boards?

Mr. FINN: Yes.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. GREEN: This afternoon the minister dealt with operating and maintenance expenses, which I take it are expenditures made in making repairs, improvements to wharves and so on. I wonder if he could give us the picture of the administration expenses? For instance, I notice that the administration expenses for Vancouver show an increase in 1937 over 1936 when there was actually a decrease in the business done. It would appear that there has been some carelessness there or that would not be the situation.

Mr. HOWE: There is no actual increase in the total. There has been a reclassification of expenditures, and I think my hon. friend will find that certain work which was formerly charged to maintenance is now charged to operation. If he will compare the total of the three items last year, he will have an accurate comparison. The new classification which applied throughout 1938 has somewhat changed the break-down of the three items.

Mr. GREEN: On page 57 of the national harbours board report for 1936 is shown the operating expenses. Administration expenses of $106,000 odd are shown, and operation and maintenance, $612,000 odd. The same division is made on page 80 of the report for 1937. The administration expenses for that year are $119,000 odd, or an increase of about $13,000. I should like to have the administration expenses for previous years because I believe they are considerably higher under the national harbours board.

Mr. HOWE: The difference lies chiefly in the charge-back of head office expenses. In 1936 the port was operated by three civil servants and their expenses were charged direct to the department. In 1937 we got things on a permanent basis, and that portion of the head office expenses applicable to Vancouver were charged to that port. The fact that it was a transition year accounts for the increase.

Mr. GREEN: What are the administration expenses for 1932, 1933, 1934 and 1935?

Mr. HOWE: I have prepared a statement in answer to a question asked by the senior member for Halifax (Mr. Finn) just as six o'clock was called, and perhaps it will answer my hon. friend's question. Before the committee rose at six o'clock, the hon. member for Halifax inquired as to the comparison of present head office expenses of the national harbours board with the amounts formerly expended by the separate commissions. Prior to 1936 the salaries of the various commissions aggregated $73,000 annually. In addition, the commissioners received automobile allowance of an additional $15,000, making a total of $88,000. The comparative figure under the present board is $30,000 for salaries, a saving of $58,000. Further substantial economies are shown in entertainment expenses of commissioners and staff, which in 1935 were over $18,000, as compared with $1,500 in 1936, a saving of $16,500. Travelling expenses of the commissioners and staff, which in 1935 were $24,000, compare with $7,000 for the board and staff in 1937. In addition to this, there will be a small amount of travelling expenses for the staffs at the harbours, of which I have no record at the moment.

Other economies which might be mentioned are the entire elimination of residence telephones at public expense, which in 1935 cost $2,200; advertising and printing reduced from $52,500 in 1935 to $14,600 in 1936; charitable donations and contributions $24,000 in 1935, which have now been eliminated. These items —and they are all representative of the economies made by the board—which have now been eliminated or reduced, aggregate $185,000, made up of $88,000 for commissioners' salaries and automobile allowances, $16,500 reduction in entertainment expenses, $17,000 reduction in travelling expenses of board and staff, $2,200 saving in residence telephones, $38,000 in advertising, etc., and $24,000 for donations. As the total head office expenses in 1937 were $130,000, including central engineering and central accounting services, it will be seen that the whole expense of the board and its headquarters staff can be met out of the savings which I have enumerated above, and leave a substantial margin of $50,000.

Mr. GREEN: Could the minister not give us the administration expenses of the port of Vancouver during those years?

Mr. HOWE: In 1934 the total current expenses were $703,137; in 1935, $736,554; in 1936, $718,997; and in 1937, $708,830.

Mr. GREEN: That must be the operating expense.

Mr. HOWE: That is the total operating expense. It is difficult to give the administration expense. As I say, there is a different classification. There was no break-down at that time comparable with the present break-

down, and I do not know how we can break down the figures to give my hon. friend the information he desires. I am giving him the total operating expenses, which would be comparable.

Mr. GREEN: They are really not comparable. It may merely mean that there is less work being done about the harbour.

Mr. HOWE: I can give the revenues of the harbour which would be an indication of the work done.

Mr. GREEN: Not necessarily.

Mr. HOWE: I think so.

Mr. GREEN: How is the headquarters expense in Ottawa apportioned among the harbours? How much is charged to each harbour?

Mr. HOWE: The division is made according to the revenue and expenditure.

Mr. GREEN: What was apportioned last year to Vancouver?

Mr. HOWE: We budgeted last year for $28,000, but the actual amount was somewhat less. We budgeted for 20 per cent of the gross.

Mr. GREEN: That was charged to Vancouver?

Mr. HOWE: Charged to Vancouver.

Mr. GREEN: How is this net income deficit of $5,000,000 odd charged to the different harbours?

Mr. HOWE: There is a separate accounting for each harbour. The figure the hon. member has is the total for all harbours.

Mr. GREEN: What was the deficit for each harbour?

Mr. HOWE: The net income deficit for Halifax was $603,837; Saint John, $849,132; Chicoutimi, $208,416; Quebec, $1,485,361; Three Rivers, $92,008; Montreal, $1,066,514; Vancouver, $471,289.

Mr. GREEN: Vancouver is paying its way far better than any of the others.

Mr. MACKENZIE (Vancouver): It always did.

Mr. HOWE: Its figures in red are smaller anyway.

Mr. WALSH: Mr. Chairman, may I speak to the committee, and especially to the minister, about the port of Montreal? As we all know, the port of Montreal is of vital interest to the whole Dominion of Canada. It reflects the trade of our country to a marked degree, and anything that is done by the Department of Transport or the new harbours board affecting the port of Montreal affects naturally the whole dominion.

There have been certain changes made in the port of Montreal in regard to rates and fees, and I want to refer particularly to the changes recently made in connection with grain shipments through the port of Montreal. As the minister is aware, for over fifty years it has been the custom at the port of Montreal, and I assume also at the port of Quebec, although as to the latter port I am saying only what I believe to be the case, to levy certain charges for lifting the grain from the canal boats into the elevator and certain charges for delivering the grain out of the elevator into the ocean boats, the charges being split between the two boats concerned. In the early history of these ports, particularly the port of Montreal, this charge was half a cent a bushel, and at that time it was equally divided between the lake boats and the ocean boats. To-day, of course, on account of the increased costs, the charge per bushel has also increased, so that we have a total charge of $10.25 per 1,000 bushels. This $10.25 is apportioned between the lake boat and the ocean boat as follows: $6.25 per 1,000 bushels is payable by the lake boat when the grain is unloaded, and $4 per 1,000 bushels is payable by the ocean boat when the grain is delivered to it.

In addition to the service which the elevator performs of unloading the grain from the lake boat and delivering it to the ocean boat, it stores the grain free of charge for a period of ten days. After that, there is a charge of so much per bushel according to a rate schedule in operation at the present time. The service of loading and unloading has apparently worked very satisfactorily in the ports of Montreal and Quebec over a period of fifty years. The method of apportioning the charge for this service and the method of collecting it have been very satisfactory. As far as I understand the situation, there have been no complaints from the grain trade, no complaints from the owners or operators of the lake boats, and no complaints from the ocean boats, most of which are in the category of tramps.

But there has been a change made quite recently, and the change amounts to this: As far as the lake boats are concerned they proceed in the usual way and pay their $6.25 per 1,000 bushels. But so far as the ocean boats are concerned the method of collection has been changed. The collection is now made a charge on the owner of the grain, a charge

of $4 per 1,000 bushels. Previously this charge had been levied against the ocean boat taking possession of the grain, and was collected from that source. I want to emphasize again that apparently there had been no complaints, and no reason was advanced for making this change from a practice which had been in operation for over fifty years and had proved satisfactory to all parties concerned.

I mentioned that this change was made rather suddenly. I understand that an order in council, P.C. 721, was passed on April 5, 1938, and published in the Canada Gazette of April 9, 1938, cancelling the previous order in council, P.C. 2162, dated August 27, 1936. The main effect of that cancellation was to make that charge of $4 per 1,000 bushels collectable against the owner of the grain rather than against the boat which was receiving the grain. The method of collecting does not matter very much, so far as the port of Montreal is concerned, as long as the charge or fee is collected; at least I would assume that would be satisfactory to all parties concerned.

But the main effect, so far as the grain brokers are concerned, is this, that the $4 is now charged against the grain. There has been no corresponding reduction in the freight rates of the ocean vessels taking possession of this grain. As most hon. members realize, a grain broker in selling grain operates on a very small margin, and this charge of $4 per 1,000 bushels, which the broker himself now has to pay and charge against the grain, means the complete wiping out of his prospective profit, and means in some instances an actual deficit so far as his transaction is concerned.

We are all aware of the fact that the grain exporter does not sell wheat or corn, or whatever other grain it might be, overnight. He is busily concerned during the winter months and during the early spring months in getting the grain, in securing orders for grain, in making his arrangements with the lake boats to carry his grain from the lake ports to the port of Montreal, and in arranging with ocean-going boats, principally tramps, for the carrying of the grain from Montreal to its destination. He makes his commitments well in advance, and most grain brokers have made their commitments up to the end of the season of navigation in the port of Montreal. This charge is sprung upon them, and in making it the harbours board have worked an injustice not only on the grain brokers who are concerned with this trade, but on the port of Montreal itself, as I shall point out a little later. They have also worked a hardship on the people in western Canada who produce this grain. A levy of $4 per 1,000 bushels amounts to a considerable sum, and is quite an appreciable amount as far as the western farmer, the grain broker, or anyone else connected with the production or shipment of grain, is concerned.

Mr. LEADER: Does the hon. gentleman not think that the extra charge of $4 per 1,000 bushels would be placed on the grain grower and not the broker? Will not the grain grower ultimately pay the charge?

Mr. WALSH: That is what he will do. That is the point of my criticism, and I am glad that the hon. member for Portage la Prairie has helped me to emphasize it. This year it will be borne by the grain broker; next year and each following year it will be borne by the western farmer. It is natural to expect that. The result will be $4 per 1,000 bushels less for the western farmer. One might not object so strenuously to that, because we hope and expect that there will be an increase in the production of grain this year and that the price will be a reasonable one, were someone in Canada getting the benefit of that $4, but who gets it? Not Canadian steamships. Tramps and tramp owners, ships belonging for the most part to foreign firms, are getting the benefit. The presumption, of course, was that this sum would be handed back by the owners of the tramp steamers in the form of lessened freight rates, but do you find owners of tramp steamers which come into the port of Montreal offering to give a rebate or to reduce the rates they think they can get for carrying grain from Montreal to a foreign port? They are not built that way. Anyone who has had experience in dealing with owners of tramp vessels, particularly ocean-going tramps, knows they are a very difficult body to do business with. It is impossible to collect back from them in the way of reduced freight rates this $4 per 1,000 bushels, which this year must be borne by the grain trade but next year will be borne by the farmers of western Canada. I emphasize this particular condition so that those who represent western constituencies will realize the importance of the grain trade to the port of Montreal and what a tremendous difference will result from any shifting of the burden of taxation in this way; for, after all, the $4 per 1,000 bushels will be in the nature of an additional tax on grain produced in western Canada.

As regards the port of Montreal, all who have had anything to do with the shipping of grain understand that the export of grain is a business which is highly sensitive. It requires

very little change in rates to take away from one port the volume which is passing through that port and transfer it to another. I can see this taking place. The grain, instead of being directed through the port of Montreal, will be forwarded through a United States port where there will be a difference sufficient to give the grain broker a better break as far as price is concerned. That is what we in Montreal are nervous about. Naturally we are jealous of our port. It is not a natural harbour; it is a harbour which has been built up at tremendous expense to this country.

Some hon. MEMBERS: Hear, hear!

Mr. WALSH: It is a harbour which has to be maintained at tremendous expense to this country.

Some hon. MEMBERS: Hear, hear!

Mr. WALSH: It represents a huge investment so far as the Dominion of Canada is concerned, and no one appreciates that fact more than do the members for the Montreal district. We realize the amount of money which has been sunk into the St. Lawrence channel to make the port of Montreal possible. At one time it was a natural port; but as vessels increased in size it became necessary, in order to keep Montreal on the map, to increase the depth of the channel so as to bring these larger vessels up to the port of Montreal. That reacts, of course, to the advantage of Canada. We have one of the largest seaports in the world. At one time it ranked either fourth or fifth among the world's ports. We want to maintain our prestige in this respect. But if the Department of Transport are going to interfere constantly with the course of business through that harbour, they will gradually create a condition under which tramps and other steamers will not make that a port of call; for no longer will it be profitable for them to come to Montreal with cargoes in order to take up other cargoes. I emphasize that point because I feel that the action taken by the national harbours board was quite unjustifiable; it has provoked a condition which is wholly unnecessary. It is difficult enough to obtain business under any circumstances, and it should be the duty of the board to facilitate business and not to place any impediment in the way of developing it.

I mentioned that the grain trade in particular is a highly sensitive business. It reacts very quickly to changes in conditions. I intend to point that out later to the Minister of Transport, under another item, but I draw attention to it at this time in order to lead up to another point. We do not want to lose any trade from the port of Montreal, even to any other Canadian port.

An hon. MEMBER: A little selfish!

Mr. WALSH: A little selfish, but we have such a tremendous investment there that we cannot afford to jeopardize the port.

Mr. POTTIER: Who is "we"?

Mr. WALSH: But I am afraid, in fact I am led to believe that there will be less trade going through the port of Montreal this year as a result of the action, which is both unnecessary and unjustifiable, of the national harbours board. United States ports are going to get the benefit of what Montreal will lose. That is a consequence we should do our best to avoid. I do not suppose the Minister of Transport had any idea of diverting trade from the port of Montreal to any of its United States competitors; but as surely as he allows the board to do what they have done, he is in accord with their apparent policy, through enforcing this new regulation, of allowing trade to be diverted.

In order to show that there has been a realization of what might happen, the order in council which was put through and which it was assumed, would be made operative at once, will not be made effective until November 13. As a result of negotiation; as a result of placing the parties concerned in that predicament, the conditions that prevailed last year will continue more or less until November 13 of this year. After November 13 the conditions I have outlined will become effective. The effect will be that a custom known to those who use the port of Montreal as one which has been established for over fifty years will be broken. I grant you it is not a matter of law; but any custom which has been established for a period of fifty years has the force of law behind it, and I say that this particular custom of the port of Montreal, in existence for all that time, will be broken. After November 13, for about two weeks in this season, the change in levying the charge on ocean-going vessels in connection with wheat is going to go into effect. This change will then be known as the custom of the port of Montreal. That is where the danger lies—the effect on the port of Montreal towards the close of this season and during the next season and every season to come.

In conclusion, I would ask the minister why this change was made and who asked for it. Was the grain trade consulted by the national harbours board when the change was made?

Am I to assume that the change was made under pressure from the ocean boats in their complaint against the increase in port dues? I would point out in passing that the national harbours board increased the charge in the different harbours under their jurisdiction by increasing wharfage dues, port dues and harbour dues. In some instances tramps loading grain will be assessed from $250 to $300 more than was paid during the previous season. If they are relieved of the necessity of paying $4 per 1,000 bushels, it means a saving to them of something in the neighbourhood of $1,000 per season per trip. In other words, the harbour dues were increased, and then I assume there was a vigorous protest and the suggestion that they would cease to use the harbour of Montreal, with the result that this other change was made, which will not only relieve the tramp of these extra dues, as far as the harbour is concerned, dues which would have amounted to between $250 and $300, but will give him an additional amount in the neighbourhood of $1,000 per season per trip.

It occurred to me to ask the minister whether that increase in wharfage dues at the port of Montreal had anything to do with the change in the assessment against the loading of ocean vessels leaving the port of Montreal, which used to be assessed at $4 per 1,000 bushels against ocean vessels and paid by them, and which is now to be assessed against the grain itself.

I leave these questions with the minister with the request that he make some reply in order that I may have an understanding of exactly what actuated this sudden change, which will react disastrously upon the port of Montreal and upon the shippers of grain from that port.

Mr. HOWE: I have listened to a most extraordinary speech. Not one single fact stated is true, unfortunately. My hon. friend has taken—

Mr. WALSH: Mr. Chairman, I rise to a point of order. I do not like to do so, but I did not expect any member of the house to suggest that I was trying to mislead the committee or even one member of the committee by any misstatement of facts or any misplaced figures.

Mr. HOWE: I withdraw the statement; I did not intend to say it in that way. I intended to say that not one statement which my hon. friend made was in accordance with the facts, and I shall now proceed to give him the facts. As a matter of fact, certain changes were made in the tariffs of Montreal and all the other eastern ports. All the port charges in eastern Canada are now on a parity, with one slight exception. The change was made after months of consultation with every interest affected. The best rate-making ability we could find was brought to bear upon the problem, and now that the new charges are in operation every user of the port will say that we have a far more satisfactory system than previously. The order in council to which my hon. friend referred was carried out to the full, and not the slightest change has been made in it.

Let us refer to the situation which, he declares, has caused the brokers tremendous losses and will cost the farmers of western Canada untold millions. We hear from some people, when it suits their purpose, that the charge is assessed against the western farmers when it is taken off the boats; or, when it suits their purpose to put it the other way, if it is not taken off the boats it is still charged against the western farmers. It works both ways.

Mr. PERLEY: The farmer always pays.

Mr. HOWE: Yes; but he pays double according to who says it. The reason for the change is this. The National Harbours Board Act contains the following provision in section 15:

> 15. (1) The board may levy such rates and tolls as are fixed by by-law and may, with the approval of the minister, commute any rates or tolls so fixed on such terms and conditions and for such sums of money as the board deems expedient.

The next subsection is the pertinent one:

> (2) The rates and tolls on goods landed or transhipped in or shipped from any harbour under the jurisdiction of the board shall be paid by the consignee, shipper, owner or agent of such goods, and goods shall not be removed from the harbour until such rates or tolls are fully paid or security for payment accepted by the board.

That subsection represents the only basis on which tolls can be collected. From whom can they be collected? They can be collected from the consignee, the shipper, the owner or the agent; that is all. The act does not say anything about being able to collect from the vessel.

Mr. WALSH: That is the change which went into effect this year?

Mr. HOWE: No; it is not a change that went into effect this year. This is the National Harbours Board Act, assented to on June 23, 1936. What happened? The board has no legal right to assess charges other than as provided in the act. The old tariff in Montreal provided for payment of an elevation charge of $6.25 per 1,000 bushels by the

vessel unloaded. It also provided for a loading charge on export grain payable by the vessel loaded; on domestic grain payable by the shipper. The board had no right under its act to assess the charges against a vessel. Therefore, liability for the charges was changed to accord with the act. The charge of $6.25 per 1,000 bushels for unloading, elevating and weighing grain from vessels is now payable on unloading. The charge for delivering grain to vessels, $4 per 1,000 bushels, is now payable on shipment. That is the change my hon. friend has been speaking about so eloquently. It was carefully explained to the grain trade, months in advance, that it was necessary to make the change in order to avoid using a tariff which we could not legally enforce under the National Harbours Board Act.

What about all these losses? There has been no change whatever in the practice. The act does not require a change in the practice. The lake boat that brings the grain down is still paying $6.25 per 1,000 bushels when it reaches Montreal. The tramp steamer or passenger liner or whatever boat takes the grain out is still paying $4 per 1,000 bushels when it takes that grain aboard. So all this injury to the brokers of which we have been told just did not happen. It is recognized by all that considerable notice must be given before a change of that kind can be put into effect. Naturally, when next season's rates come out, the $4 per 1,000 bushels charge which is now added to the ocean freight rate will be deducted from that rate, and the new tramp rates published next year will be ex loading charges, just as today they are marked "plus four-tenths of a cent per bushel."

I have heard my hon. friend the ex-Minister of Trade and Commerce (Mr. Stevens) argue that all the charges go back to the farmer. One is asked to believe that savings never go back to the farmer. That is about as ridiculous a statement as one can imagine. What is the change? There is no change, and there will be no change except this, that in future Montreal will be just as other ports in every part of the world except the St. Lawrence river have always been. They have always charged the elevation charges against the grain. Where is the elevation charged in Winnipeg; where is it charged in Fort William, Halifax, Saint John, Vancouver? Always against the grain. In Montreal there was a situation that everyone has objected to ever since I heard of the port of Montreal. Compare the ocean rate to Montreal with the rate to New York. Why was the rate to Montreal higher than to New York? We have heard various explanations, but the truth is it was because there was a charge of $4 per 1,000 bushels in that rate which represented a payment to the elevator by the boat for the elevation of the grain. There was a differential between the rates to Saint John and Halifax and the rate to Montreal for the same reason, that in the old days the boat rate to Montreal included an amount of $4 per 1,000 bushels for elevation of grain. Next year we shall have a rate structure which places Montreal, Quebec, Three Rivers and Sorel on a parity with the rest of the world as far as ocean rates are concerned, and then we shall see whether the port of Montreal has been discriminated against as compared with other ports. If the grain is shipped out of New York, who pays for the elevation? The owner of the grain. If it is shipped out of Baltimore, who pays it? If it is shipped out of any other port in the whole, wide world, who pays it? The owner of the grain.

We are told that this has caused a great diversion of grain through United States ports. What are the facts? The bookings on the St. Lawrence river to date of American corn from Chicago amount to about 80,000,000 bushels, a movement we have not seen in this country since 1928. How much of that is being diverted to New York?

Mr. WALSH: Later I am going to ask the minister why there was such a huge shipment of grain, corn in particular, through the port of Quebec during this last season.

Mr. HOWE: I shall tell the hon. member that too. He made his speech; now suppose he lets me make mine.

What about package freight? True, we have raised the rates on some classes of package freight, and lowered them on others. For instance, the wharfage charge on an automobile in Montreal was $5.50. In Saint John the wharfage charge on the same automobile was $2.75, and in Halifax, thirty cents. Surely one was too high or the other too low. It was the same automobile loaded into the same boat. In that case we worked out the rate at $3 per automobile for all the ports. I could give other examples. I could tell of rates which were considerably higher in Halifax than in Montreal, for no reason that we could discover. Those rates were examined, the background looked into, and they were adjusted. There were extraordinary differences between different ports on the river St. Lawrence, differences of 100 or 150 per cent in wharfage charges on the same commodity.

To-day a shipper can deal with any of our Atlantic or St. Lawrence ports on an equal basis.

A rate structure is a very difficult thing to alter. We have been working on this problem since this national harbours board was formed. Last February we sent out proposed tariffs to the trade and invited comment. Meetings were held, two I think in each port; every interest affected met together with the board and their views were examined, written briefs were invited, and in the latter part of March we brought down our final tariff. As a result of the hearings and discussions the tariffs were revised. We based our tariffs on the best information available and then submitted them to the port users and invited their representations. In many instances, as a result of representations, the rate was adjusted. To-day in the ports of eastern Canada we have a sound tariff, which will stand analysis.

As for loss of business, the St. Lawrence ports have now been open for business about a month. I have yet to learn of one pound of freight that has been diverted from any of those ports as a result of the new tariffs. I do not know of a single ship that has been diverted from the St. Lawrence ports. I have before me the figures to the end of April; that is, for the first two weeks of the season. In that time cargo tonnage at Montreal increased 126,757 tons or about 25 per cent over a similar period last year, which was a very good year.

I was asked why the harbour of Quebec is handling United States grain, and I shall tell my hon. friend. Naturally, when it became apparent that there was going to be a European demand for American corn at the opening of navigation, exporters began to worry about congestion on the St. Lawrence. As they came to us we took up actively with them the use of the port of Quebec, which for a number of years had not been used as it should have been. We asked them to give us the reasons why Quebec should not be used to the extent the other ports were used, and they pointed out to us the difficulty of using a port where grain is shipped by tramps only as against a port handling both liners and tramps. The disability resolved itself into this, that in assembling grain to fill a tramp cargo storage rates accumulate which never could accumulate in a liner and tramp port. Of course it is understood that the ten days of free storage is availed of, so that as grain is shipped out it is applied on the older billings, and that in a port such as Montreal practically no storage is collected during the operating season. The turn-over is rapid, and it is owing to some lack of vigilance on the part of the handler of the grain, as a rule, if any of his grain becomes liable for storage charges.

We recognized this disability at Quebec and took up the matter with the board of grain commissioners, requesting permission to publish a tariff for Quebec which would abolish the storage charge on full cargoes of export grain moving from that port until August 31 of this year. We first inquired as to the practice of other elevators handling tramp cargoes exclusively, and found that they had been forced to adopt the same practice; that is, not to accumulate storage against grain moving in that way in the active season. Of course this has nothing to do with winter storage. The result is that we have one or perhaps two customers using the port of Quebec. They feel that by so doing they will avoid the congestion which they expect along the river. We are glad to have the business distributed in this way for the same reason, since congestion has rather far-reaching results. We believe we have a much improved situation on the river this year over any that has obtained for two or three decades.

I do not know that I have covered all the points raised by my hon. friend. If I have not, I hope he will repeat his question.

Mr. WALSH: After listening to the minister and very carefully analyzing what he has said, I do not think there is anything whatever in his remarks to bear out what he said at the very beginning of his speech.

Mr. HOWE: Just to correct that statement, let me run over the points my hon. friend raised. In the first place he said that a rate of $4 per 1,000 bushels was assessed against the broker, against the grain. That is not true; it is not a fact, as I have pointed out. The boats are still paying that charge. My hon. friend then said this meant that grain was being diverted through the United States. As a matter of fact, exactly the opposite is happening; as far as I can find out all the United States grain moving at this time is going through Canadian ports, and I think that situation will largely obtain until this movement is over. Further, my hon. friend said we had published an order in council and then had not put it into effect. The order in council went into effect the day it was published; it is still in effect. The shipping companies have agreed that the tariff would not come into operation this year, so there would be no embarrassment in connection with existing contracts, and that when

the new rates are published by the Tramp Shipping Federation, as they are once a year, this rate will be published ex elevation at St. Lawrence river ports. I think those were the only statements my hon. friend made, and I think they are all wrong.

Mr. WALSH: The minister has suggested only two points, and one is in connection with this $4 rate that, for a period of over fifty years, was charged against and paid by the ocean carrier. Under this new regulation, the order in council amending by-law No. 85, dated April 5, 1938, and put into the hands of the grain trade in Montreal on April 12, that charge is levied no longer against the boat but against the owner of the grain. It was only after a considerable amount of negotiation that they got the owners of the boats, and in particular the tramps, to defer the action they proposed to take. In other words, they proposed, when this order in council was put into effect, to take full advantage of it and allow the grain owner to pay the $4 per 1,000 bushels.

Mr. HOWE: My hon. friend makes a dogmatic statement, that the tramps and liners proposed to do something. How does he know they proposed to do it?

Mr. WALSH: No; after negotiation they did not. I have the details here.

Mr. HOWE: The details the hon. member got were from the editorial column of the Montreal Gazette, and they are not correct.

Mr. WALSH: I have not even seen an editorial in the Gazette bearing on this matter; I want the minister to accept that statement as the truth and the whole truth. I have not obtained my information from that source, though I can say this—

Mr. HOWE: I accept the hon. member's apology.

Mr. WALSH: I can say this, that I would far rather accept detailed statements found in the editorial columns of the Gazette than statements coming from very many sources quoted from time to time in this house. I want to emphasize this point again: It would have been discrimination against the port of Montreal and eventually discrimination against the grain growers of western Canada if this rate had been put into effect. Action was deferred until a certain date. Then, after further protests, it was further deferred until November 13 of this year. The season does not close until December 1. The minister made the statement that this rate of $4 per 1,000 bushels would not be collected from the grain during this season; yet the agreement with the grain brokers and shipowners of Montreal expires November 13, and the rate goes into effect after that date. I think the minister will agree that my information is correct in this instance.

Mr. HOWE: It was determined that there was absolutely no contract outstanding beyond November 13. If any shipper wishes to have the steamer pay his elevation after November 13, all he has to do is write it into the charter.

Mr. WALSH: I know the grain brokers of Montreal will be happy to have the intimation from the minister that there will be no change in the assessment of that $4 per 1,000 bushels during the course of the current shipping season.

Mr. HOWE: I would not bother to convey that information because I do not think they would value my hon. friend's information on that point. I never saw a man with less background for work of this kind.

Mr. STEWART: Well, now—

Mr. WALSH: They have a high regard for the Minister of Transport. If the Minister of Transport considers that I have no background for a discussion of this kind, I am sorry he has formed such an opinion. On many occasions I could have made the same suggestion, but I would not do it. I have a high regard for the Minister of Transport and I hope he has the same for me. If his attitude is the condition which must prevail in this committee; if we must carry on debates in that frame of mind, I am not unwilling to carry on in that way. I am willing to take my share of abuse along with any other member of this house.

Mr. ANDERSON: There is no necessity for abuse.

Mr. WALSH: The minister has suggested that no grain was diverted. I grant that there has been none diverted yet because of the arrangements that have been made, but there will be if something is not done to adjust them. I still want to emphasize this fact: Why was it necessary to make this change in a custom that had prevailed for fifty years? This had worked satisfactorily, but suddenly there is a diversion of this $4 charge from the ship to the grain owner. Why not leave things in status quo when they have been working so satisfactorily? The minister suggests that next year the rates on tramp steamers carrying grain will be lowered to cover this charge of $4 per 1,000 bushels. Why not leave matters alone when things are going along satisfactorily? Why make a change? When nothing is to be gained, why

break a custom that has prevailed in this port for many years? If we were to have increased revenues as a result of this change, then I would say, make it, but there is nothing being accomplished this year except disturbance. I do not think the Minister of Transport should countenance a change of this kind simply for the sake of making a change. Changes are not always good; some are bad. I consider that this change is unnecessary. I believe it will work out to the detriment of the port of Montreal. The minister suggested that the harbour commission had no legal right to collect this $4 per 1,000 bushels from the ocean boats. They collect $6.25 per 1,000 bushels from the lake boats.

Mr. HOWE: Let me correct that. They collect only as long as the lake boats agree to pay it. We collect from the parties named in the act, the consignee, the shipper, owner or agent. If some one else pays it, that is simply a matter of arrangement among the parties concerned.

Mr. WALSH: When a lake boat brings down grain they quote the grain broker a rate from the lake port delivered into the elevator at Montreal. That freight rate includes this $6.25 per 1,000 bushels. That has always been done, and it is still being done. That has been the custom for fifty or sixty years, and no change is being made. Apparently it is considered legal for the harbour commission to collect that $6.25.

Mr. HOWE: I am sure my hon. friend would like to have the facts. Exactly the same change was made in connection with inbound grain as was made in connection with outbound. I shall read the charges again as I think the hon. member should have them in his mind. The old tariff stated that the charge for unloading grain from vessel was payable by the vessel unloaded. That is the charge of $6.25 to which the hon. member is referring. The new tariff states that the charge for unloading grain from vessel is payable on unloading. It does not say by whom it is payable; it simply says it is payable on unloading. The change in connection with outbound grain is exactly the same. The old tariff states that charges in connection with export grain are payable by the vessel unloaded and charges in connection with domestic grain are payable by the shipper. The new tariff states that the charges are payable on loading. It does not say by whom they are payable, any more than in connection with inbound grain. The situation to-day is that the boats pay the inbound charges because they quote a rate to a shipper or make a charter party which includes the cost of unloading at Montreal. If the charter party includes elevator charges, they will be paid by the ship just the same, but our security for the charge must, under the act, be the grain.

Mr. WALSH: I can only go back to the statement made by the minister, that it is not legal to do it.

Mr. HOWE: It is not legal to do what?

Mr. WALSH: When the grain is unloaded from a lake vessel into the elevator the Montreal harbour commission makes out a bill against the owner or the agent of the vessel, not against the owner of the grain. But in the case of an ocean vessel, the bill for unloading goes, not to the owner or the agent of the vessel but to the person who has the grain in the elevator. Apparently that is the only difference between the minister and myself, despite my lack of background.

Mr. HOWE: May I correct that? The account goes to the owner or agent of the grain. We do not care who pays for it because everyone's money looks the same. The owner or the agent of the grain is billed in connection with incoming and outgoing grain.

Mr. WALSH: I have seen a bill which was sent to the owner of the vessel. When wheat is delivered from a lake boat into the elevator the bill is not made out in the name of the owner of the grain; it is made out in the name of the owner or agent of the vessel and collected as such.

Mr. HOWE: The explanation is that the owner or agent of the grain has arranged a charter for the lake vessel which includes elevation and has asked the elevator to bill the lake boat as a matter of convenience. But if the lake boat does not pay, the owner of the grain will find a bill in his hands in short order. He is the responsible party under the National Harbours Board Act. There is nothing in the act that states that we can hold a boat responsible for elevation or other charges.

Mr. WALSH: We shall let that point go. I am perfectly satisfied as to the actual conditions. I believe that the point raised by the grain brokers of Montreal and other points and those interested in the port is well taken. It is unfortunate that all this trouble should have been caused merely for the sake of a bookkeeping entry. After all, that is what it amounts to. In one case one source is held responsible and in another

case, another source is held responsible for the payment of the bill. This custom has existed for fifty years. The minister quoted in connection with the port of Montreal certain figures which showed an increase in freight movement during the first two weeks in April. Naturally those figures speak for themselves, but he must remember that in the early part of April last season there was very little grain shipped through the port of Montreal. The increase shown is not a real increase.

Mr. HOWE: Let me correct that. As a matter of fact shipments of grain in the first two weeks of last year were quite heavy, and there is very little difference between the grain shipments of the first two weeks of this season and the shipments of the first two weeks of last season. The increase is almost wholly in other commodities

Mr. WALSH: Has the minister the figures on that?

Mr. HOWE: I have them in my office. I do not know that I have them here. I get a daily statement, and I am quoting from that. I saw it only this morning, and I think my hon. friend should know the figures because he is making these dogmatic statements.

Mr. WALSH: I am inclined to make dogmatic statements, but the minister is not.

Mr. HOWE: I have the figures before me.

Mr. WALSH: The minister has access to the figures and I have not.

Mr. HOWE: Why make statements if you have not the figures?

Mr. WALSH: I am giving the minister the information which I have received, which I believe to be correct, and it is for others to judge which is the correct information. The minister is in a better position to get the figures than I am. I can get only certain figures, and I am giving them. I cannot agree with the minister; I am sorry I cannot.

Mr. HOWE: He cannot agree, but has he seen the figures?

Mr. WALSH: I have sufficient figures here to show me that this differential of $4—

Mr. LAWSON: What are the minister's figures? He is a responsible minister of the crown.

Mr. HOWE: For the first two weeks of the shipping season, 26,759 tons or about 25 per cent, until the end of April. So there is a very slight difference, and I am making a statement which I can verify. This happens to be the statement of May 16.

Mr. LAWSON: We were dealing with the first two weeks of April in 1937 and 1938.

Mr. HOWE: I shall be glad to put that on Hansard this evening.

Mr. WALSH: Would the minister explain in just a few words why, and at whose instigation or suggestion, this change was made?

Mr. HOWE: I have tried to explain—

Mr. WALSH: Just in a very few words.

Mr. HOWE: The very few words are these: Under the old tariff, had a ship refused to pay the charges, we were out our money because we had no legal right to make a ship responsible for the payment of elevation charges. The agent, owner or consignee of the grain are the only people from whom we can legally collect. Why put in the tariff something that you cannot enforce? Why say that a man is responsible for charges when you have no legal right to make him responsible?

Mr. WALSH: Why have you not a legal right to make him responsible when that was the practice which prevailed over a long period of years ?

Mr. HOWE: We are working under the act passed in 1936, and the Department of Justice advises that we have not the legal right to make the ship responsible. We asked for an opinion from the department when we discovered the discrepancy in tariffs, and we were told that we had no legal right to collect from the boat owners if they did not pay of their own free will.

Mr. WALSH: You can refuse clearance to a boat if it refuses to pay.

Mr. HOWE: We cannot collect by legal methods a charge illegally made. You cannot do a thing indirectly, legally, that you cannot do directly.

Mr. LEADER: I am not sure that I have this straight yet. This $4 was formerly charged against the boat owners, illegally, the minister says, and that is why the change was made.

Mr. HOWE: Correct.

Mr. LEADER: And now it will be a charge against the owners of the grain?

Mr. HOWE: Quite.

Mr. LEADER: What I am concerned about is the farmers of the west. Does the minister not think this charge will be levied against the farmer's grain when he sells it to the broker? Does he really not think so?

Mr. HOWE: How many speeches has the hon. member made in his life in which he suggested that all charges, including freight, were made against the farmer?

Mr. LEADER: Quite so.

Mr. HOWE: If we take the $6.25 off the boat carrying the grain down, naturally the freight will be $6.25 less. It is freight plus elevation; that is the way in which rates are quoted and charters are made. Similarly you can look up the rates published by the tramp shipping administration committee in London, and you will find the rate quoted for St. Lawrence ports is the freight rate plus $4 per 1,000 bushels elevation. If it is quoted the other way, these charges will not be included. It will be a flat charge as it always has been from Saint John and Halifax, and if you compare the rates from Saint John and Halifax, you will find that they vary by exactly that four-tenths of a cent per bushel. My hon. friend knows something about grain handling and how rates are charged at country elevators and at Fort William and Vancouver, and he knows that the elevation charges are always assessed against the grain.

Mr. LEADER: I am not clear yet. This $4 that was formerly charged against the boat owners will now be charged against the owner of the grain, who in the first place will be the farmer.

Mr. HOWE: The farmer does not own any grain in Montreal harbour. Of course, my hon. friend may say that all the charges follow the grain, and that is absolutely true.

Mr. LEADER: I was prompted to ask my question because of an editorial which appeared in the Winnipeg Free Press, which is in pretty close touch with matters of this kind, and I am just giving the committee the effect of that editorial on me. It warned members of parliament to watch when this matter came up in the house, and to get the assurance that this $4 charge would not be levied back against the farmers.

Mr. HOWE: You have that assurance now.

Mr. WALSH: I am glad that my hon. friend was in the house, and I had hoped there would be more western members who would realize my point of view. The minister says that next year this $4 will be seen in a reduction of the freight charges charged by tramp steamers coming into the port of Montreal. On what authority does he make that statement? Has he definite information from the association which fixes the freight rates for tramp steamers plying between different ports, that the freight rate next year is going to be reduced $4 from the freight rate charged this year to the port of Montreal? Because if he has not that definite information from the association, the charge will still be there; if it is not taken off the freight rate somebody will have to pay it, and the only person left to pay it is unfortunately the one who supplies the goods that are going to be transported. If the minister can give us a definite statement from the association which controls the freight rates for tramp steamers that they are going to make that reduction, I feel sure that the hon. member for Portage la Prairie (Mr. Leader) and members from other parts of western Canada will then be in a position to assure the growers of wheat that they need not be nervous about this $4 charge; that it is going to be taken off the freight rate, and that, therefore, it is just a matter of shifting the charge from the freight rate to the owner; that it appears in one column to be taken off another column in the way of reduced freight rates. I should like the minister to give us a definite assurance that he is absolutely certain that this is going to be done.

Mr. HOWE: The rates next year, I am told —and I have every reason to believe it— will be quoted ex-elevation, just as they are quoted to-day with elevation.

Mr. WALSH: They will be $4 less than the actual freight rate this year?

Mr. HOWE: Well, now—

Mr. WALSH: I am sincere, but if the minister cannot understand a proper question—

Mr. HOWE: The hon. member wants me to promise him that rates will be the same or less next year. The differential as between the Atlantic rate and the St. Lawrence river ports rates will be wiped out because the St. Lawrence river ports will no longer carry elevation. The hon. member wants me to say that the rates on tramp tonnage will be the same next year as this year?

Mr. WALSH: No. I want the minister to say that the actual freight rate which tramp steamers are going to charge will be $4 less than the actual freight rate is this year. The minister made a statement to the effect that this was going to be done.

Mr. HOWE: What is the hon. member asking me to say? That the rate a year from now will be $4 per 1,000 bushels less than it is to-day? Is that true?

Mr. WALSH: Yes.

Mr. HOWE: Well, now, has the hon. member any reason to suppose that next year freight rates may not be half what they are this year, or double what they are this year, because very often there is a 50 to 75 per cent variation between seasons.

Mr. WALSH: That is not the point. The point the minister made was that I was creating the impression that the western farmer was going to have to pay $4 more, and the minister made the statement that he would not, because the $4 would be off the freight bill.

Mr. HOWE: Yes.

Mr. WALSH: And I asked him where his authority was for that. He makes the statement that you cannot guarantee freight rates for next year. I grant that. That is why I doubt whether these tramp steamers will reduce the freight rate next year, despite the statement of the Minister of Transport.

Mr. GREEN: It might be beneficial if we were to go over to the balmy air of the Pacific for a few minutes. I should like to ask the minister what is the present trend with regard to wheat shipments through the port of Vancouver. I believe that almost none of the 1937 crop has been shipped out that way.

Mr. HOWE: There was a certain amount. The situation was disturbed about a year ago or perhaps longer by the abnormally high freight rates. As my hon. friend knows, freight rates soared about 100 per cent on everything, on both the Atlantic and the Pacific. The effect was felt more on the Pacific than on the Atlantic, because the normal rates on the Pacific are higher, and when they double the effect is felt more out there. I am happy to say freights are back to normal or what was considered normal before that increase took place, and as far as anyone can judge we can expect a very large movement of grain through Vancouver this winter, as was usual years ago. At least we think there is no reason why the division of the crop as between movement east and movement west will not apply this year as it applied in other years.

Mr. GREEN: What portion of the 1937 crop was carried through the port of Vancouver?

Mr. HOWE: The 1937 shipments were 23,749,000 bushels. In 1936 they were 64,000,000 bushels; in 1935 46,000,000 bushels; in 1934, 51,000,000 bushels; in 1933, 68,000,000 bushels; but of course a very large part of the reason for that difference is that last year Saskatchewan had very little wheat to export, and Alberta also had a very small crop. Manitoba, on the other hand, had a good crop. That would account for some little discrepancy as between the east and the west.

Mr. GREEN: Of course we on the Pacific coast have always felt that, with the line of division running north and south pretty well through Swift Current or Moose Jaw, the quantity of grain shipped through Vancouver should not have decreased so much in the last two years, whereas the amount shipped through Montreal has increased. The figures for Vancouver for 1937, as the minister said, are about 23,700,000 bushels, whereas in 1936 they were 64,000,000 bushels, and yet we find that for Montreal the figures were 92,600,000 bushels in 1937 and 87,000,000 bushels in 1936. It may be just a coincidence, but those are the years in which the national harbours board has been in charge of our harbours. I do not suppose we can blame them for all the difficulty, but I suggest to the minister that the fact has some significance. Our problems are those of a Pacific port. Ours is the port farthest removed from Ottawa, and I do not believe that sufficient attention is being paid to its future. The members of the board, living here in Ottawa, are not in a position to be in contact with developments on the coast. I suggest to the minister, as I have done at two previous sessions, that there should be a local honorary advisory committee set up in Vancouver, whose main job would be to think of the future of the port and to tackle such a problem as the one which is before us now, namely the reasons why shipments of wheat through Vancouver are falling off, while shipments through the eastern ports are increasing. It may be that the national harbours board could do a great deal to remedy that situation. I ask the minister whether he will not give serious consideration to setting up such a local committee to help the board here in considering the peculiar problems that face us on the Pacific coast.

Mr. HOWE: As regards local advisory boards, a year ago the Canadian chamber of commerce met in Vancouver; one of the resolutions—I received notice of it—was that the chamber should recommend that local advisory boards be established at the principal national ports. The fate of that resolution was very interesting. It never got outside the resolutions committee. The Vancouver members were unanimously against it, according to what I was told—and I made a little analysis because I was rather surprised—Montreal could not carry it by a majority of the

delegates, and outside those two cities there was no interest in the matter so far as the chamber of commerce was concerned. So I believe that the hon. member who asks for a local advisory board will find that the interests most directly concerned with the subject are definitely against the proposal.

As for shipments of wheat through Vancouver, naturally in a poor crop year—and conditions before that were somewhat confused on account of large carry-overs—all ports suffered. The figures my hon. friend looked at relating to Montreal shipments last year were increased to the extent of about 25,000,000 bushels by reason of Argentine and South African corn moving into the United States, which, of course, distorts the picture of the ordinary movement. Montreal and every other St. Lawrence port suffered just as the port of Vancouver did because of the short crop. This year, I believe, there will be movement enough for everybody. I anticipate an excellent grain year in all our national ports.

Mr. GREEN: For instance, in this vote no provision whatever is made for capital expenditures at the port of Vancouver. There may be an explanation for that, but it seems strange that other ports which are not doing the business—except the port of Montreal—are all having capital expenditures made, while there is nothing for Vancouver.

Mr. HOWE: We have just finished spending $650,000 there. We have a further item this year; it has not appeared as yet. Naturally we make expenditures in ports, not for the sake of spending, but to provide some facility which is demanded by business, and there have been no demands by business that seemed to warrant a large expenditure at Vancouver this year. When that type of expenditure is indicated, my hon. friend may be assured I shall recommend the vote with a great deal of pleasure, because I have a friendly interest in Vancouver by reason of my long association with the port.

Mr. GREEN: The chairman of the national harbours board has just returned from Vancouver, and I believe that while he was there the request was made to him that the board build a fish dock on False Creek, the city to lease a site and operate the dock after it had been built by the national harbours board. As the minister knows, the situation in that part of the harbour is very bad. Something should be done about it at once; there is one development in which the board could help.

Mr. HOWE: The chairman of the harbours board states that no definite proposal was made to him in that regard. Our only interest in False Creek is in the matter of navigation, and Granville island. The part of the harbour he refers to is wholly owned either by the city of Vancouver or by the province of British Columbia. The Canadian Pacific railway also has some holdings. The board has no property in that section of the harbour.

Mr. GREEN: Would the board consider the erection of a fish dock there? After all, it would serve the fishing fleet and it is very badly needed.

Mr. HOWE: We shall give it very careful consideration after we receive a proposal from the owners of the property.

Mr. GREEN: There are two other difficulties that have occasioned a great deal of trouble in connection with the harbour. One is the lack of police protection. Thousands of dollars worth of goods have been stolen on the harbour front, and probably a good deal of harbour board property has been taken in that way too. The other point is the lack of fire protection. We have yet no fire-boat in the harbour. I raised that point last year. We are still unprotected. What is being done in regard to these two problems?

Mr. HOWE: The city and the harbour board have been in conference for a considerable time over that problem and have arrived at a settlement which both regard as satisfactory. Part of the settlement is that the city shall assume full responsibility for police and fire protection as it does for any other taxpayer of Vancouver.

Mr. ISNOR: Coming from the Pacific to the Atlantic for a moment, when I listened to the hon. member for Mount Royal (Mr. Walsh) telling us about the wonderful harbour at Montreal and also admitting that there were millions of dollars sunk in that harbour, I was reminded of an item I saw in Seaports for the month of March, written by a travelling reporter—Activities of a Shipping Reporter, by Austin F. Cross. That writer was asked the question: "What do you do in winter"? and the thought passed through my mind, What does Montreal do in winter? I can assure the hon. member for Mount Royal that while the harbour of Montreal was covered with twenty-four inches of ice, ice did not prevent the Prime Minister (Mr. Mackenzie King) from sailing from Halifax overseas, nor did it prevent the right hon. leader of the opposition (Mr. Bennett) sailing from Halifax overseas, nor the hon. member for Kootenay East (Mr. Stevens) from going

on his recent trip. I would say, therefore, that notwithstanding the glowing description of the port of Montreal, we have in the extreme eastern part of Canada the port of Halifax which is open all the year round. In fact, the harbour is so well known; its advantages are so outstanding, that it does not require a speech in this house to place it where it rightly belongs as the outstanding port of the dominion.

May I now say a few words in regard to the general policy of the national harbours board? The committee will remember that I took strong exception to and was critical of the policy inaugurating a national harbours board under the present system. I took the view that we in the east and the people in the extreme west would not profit to the same extent as would the ports in central Canada. I am inclined to think, looking at the matter from a broad point of view rather than simply from the standpoint of the port of Halifax or of any particular section, that the policy adopted has been a sound one. I say that in all fairness because of my opposition in the past. As a business man I cannot help realizing that the national harbours board under the administration of the present minister has made an exceptionally creditable showing in the past year. When one realizes that the revenue for 1937 amounted to $8,262,221 as compared with $8,030,600 in 1936, or an increase of $231,621, showing an increase of three per cent as a revenue producer, and when one realizes further that the expenditures in connection with operations showed a decrease of $226,038, or five per cent, one must admit that it is a sound business policy. That is what the average business man is anxious to do—increase his revenue and at the same time decrease his overhead or operating expenditures—and for that reason I say that the national harbours board has made a creditable showing.

Before leaving the port of Montreal I would remind the hon. member for Mount Royal that, if he were sailing to Glasgow, he would have to travel 2,693 miles from Montreal, whereas if he took the ocean limited and sailed from the well known harbour of Halifax, the distance would be 2,407 miles; or making the comparison with Liverpool, from Montreal to Liverpool it would be 2,966 miles, and from Halifax to Liverpool, 2,485 miles. I would call that mileage to the attention of the Minister of Transport. Halifax is the eastern terminal of the Canadian National Railways, and he, as Minister of Transport, should bear in mind that the greater the amount of traffic that goes over the Canadian National railway system, the greater the revenue to that system; more than that, employees all along the line would benefit.

At the same time I call his attention to the question of the shipment of cattle from Halifax. Last evening we were considering the estimates of the Department of Agriculture, and at that time the question of cattle came up. We have in Halifax sheds which will take care of 1,000 head of cattle, and once again the question of transportation comes into the picture. I suggest to the minister that he bear that in mind and try to divert some of the cattle shipments through the port of Halifax. May I also remind him of the cold storage warehouse with 1,000,000 cubic feet of storage space, completely fitted with freezing, storing and packing equipment and with ample rail connections. I believe the minister is familiar with these features of the port of Halifax. I simply remind him that we have at Halifax all the necessary facilities to handle shipments of cattle and grain from the west as well as package goods for export.

May I refer also to the showing of the port of Halifax in regard to tonnage last year. I regret to learn that Vancouver did not enjoy the prosperity that we did. I am more modest than the hon. member for Mount Royal; I do not say Halifax is the best port in the world, I just say it is one of the best. I was happy to note the increase in revenue last year; not only was there an increase in revenue but there was a drop in the cost of operation. The revenues of the port last year showed a net increase of about 13 per cent over 1936. I was glad the hon. member for Vancouver South (Mr. Green) mentioned a fish pier. I believe the minister would be well advised to look into the possibilities of the construction of fish piers on both Atlantic and Pacific coasts. It would be an advantage to us in Halifax and to the whole of Nova Scotia if we had not only a fish pier but a public fish market. It would bring fish buyers from the New England states and lead to an increase in the sale and production of fish.

I did not intend to make a speech on these questions. I had some questions to ask the minister on various items as they came up; but when the hon. member for Mount Royal painted such a glowing picture of Montreal, I could not resist drawing his attention to the fact that we have an all year round port on the Atlantic as compared with his six months' port in central Canada. With a greater degree of cooperation by the national harbours board, travelling from one part of Canada to another and adjusting matters which may arise from time to time, and cooperation between the harbours board, the province of

Nova Scotia, the city of Halifax and the board of trade, I believe we shall not only continue the amount of shipping out of Halifax but enjoy a large increase in tonnage, particularly of package goods which, after all, is what we are after.

Mr. BROOKS: For fear the committee may think there are only three ports in Canada, namely, Montreal, Vancouver and Halifax, I should like to say a word regarding the port of Saint John. The people of Saint John have been rather disappointed in recent years that the construction of the piers on the west side has not gone ahead a little faster. When the docks were burnt a few years ago, it was understood that new docks would be built before this. But since 1935, when this government came into power, there has been, with the exception of possibly some $25,000 or $30,000, no money spent outside the contracts which had been let before that time. Some hon. members remind me that there was an acclamation in Saint John. In that connection may I say the opposition party in that constituency felt that it might be good business for the port of Saint John to allow a government supporter to go in by acclamation in the hope that something would be done in that port during the present year. But nothing has been done. It was interesting to hear the hon. member for Halifax (Mr. Isnor) expressing his approval, which, however, I think is not joined in by all the people of Halifax, of the amount of freight which the port of Halifax has been handling. I have seen editorials in some of the Halifax newspapers complaining bitterly that that port had been neglected, particularly with reference to wheat, during the last few years. I should like to give some figures as to the export of Canadian wheat from the different maritime ports and the port of New York. For 1937 the figures are:

	Bushels
Saint John East	150,715
Saint John West	9,618,809
Halifax	1,623,931
New York	17,297,192

That is to say, New York is exporting about one and two-third times as much Canadian grain as the ports of Halifax and Saint John combined. This seems to be very poor business for our Canadian ports. The people of Saint John feel that the facilities of that port should be increased so that we can get some of this business which is going through New York. I have the figures for January, 1938, for the export of grain. They are as follows:

[Mr. Isnor.]

	Bushels
West Saint John	2,115,668
Halifax	47,994
New York	1,309,315

There is not much cause for rejoicing on the part of the people of Halifax in those figures. For January New York exported 1,309,315 bushels of Canadian wheat in comparison with 47,994 bushels from Halifax. For February, 1938, the figures were:

	Bushels
West Saint John	1,746,285
Halifax	16,040
New York	1,782,423

Surely some of this grain which now goes to New York might be sent through our Canadian ports.

Mr. ISNOR: Will the hon. member give the total tonnage?

Mr. BROOKS: I am giving the bushels of grain. Grain is not shipped by tonnage as far as I know.

Mr. ISNOR: I asked for the total tonnage of shipments that went through the two ports.

Mr. BROOKS: I am discussing grain. The people of Halifax are very much interested in this question. I saw a cartoon in a Halifax paper showing cobwebs growing over the elevators in that city, and over the railway from Moncton to Halifax, indicating lack of business for that port.

Mr. ISNOR: I still say the tonnage was greater in 1937 than in 1936.

Mr. BROOKS: Would it affect the tonnage of other freight to ship more grain through Halifax? Will the hon. member not agree with me that the port of Halifax should be receiving more grain shipments than it is, some of the grain shipped through New York?

Mr. ISNOR: Absolutely.

Mr. BROOKS: I should like to point out also that frost-proof sheds are very necessary at the port of Saint John. We are trying to expand our export of potatoes from New Brunswick, and in order to facilitate that movement we must have frost-proof sheds.

Mr. HOWE: We thought of that before my hon. friend did, and if he will look at the estimate under discussion he will see an appropriation for that purpose.

Mr. BROOKS: Thinking of it does not build the sheds.

Mr. HOWE: Providing the money does.

Mr. BROOKS: I refer to shed No. 8 which I understand is not to be frost-proof, although particularly requested by the mayor of Saint John. If that statement is not correct, the minister may correct it. I do not think there is anything further I have to say, but I do hope the minister will look after the interests of Saint John, which may not be the greatest port in the world but which is one of the finest ports in Canada.

Mr. McIVOR: We have been hearing about single ports and single places in Canada, but at the head of the lakes we have two ports that will compare favourably with the best in Canada. We have the biggest elevators and the best grain handling equipment in the world. I should like to tell the hon. member for Vancouver South why Manitoba grain was not shipped by the Pacific coast last year. It is a shorter haul by way of Fort William, and it is a safer route.

Mr. GREEN: If I may correct the hon. gentleman, we do not expect Manitoba wheat, but we do expect Peace river wheat, Alberta wheat and part of the Saskatchewan wheat.

Mr. McIVOR: There was very little wheat west of Manitoba; that was the reason. A few moments ago I heard an hon. member say, "Vote Liberal and get action." I should like to tell the committee that if there is one department of the government from which we have had action, and honest action, it is the Department of Transport; judging by the spirit of the minister to-night we are going to get plenty of action and it is going to be straight. I should like to say, for the two ports at the head of the lakes, that we feel we are in the safest possible hands; the minister is a business man, an honest man, a brainy man and a good man, and we are proud of him.

Mr. PERLEY: The short statement just made by the hon. member for Fort William was interesting, but I was very much surprised that he did not make a stronger plea for the ports of Fort William and Port Arthur.

Mr. McIVOR: It is not necessary.

Mr. PERLEY: I have been listening to this discussion concerning the different ports and the different rates, the elevation rates, freight rates and ocean rates. I believe this question could be easily solved if the minister would give consideration to the idea—and it will not be long until he will have to give consideration to it—of deepening our waterways and having ocean going vessels go right through to these ports at the head of the lakes. Then we shall get away from this difficulty as between the ports. That is what will come about; we shall have one good port and we shall know who is absorbing all the rates between the prairie farmer and Liverpool. I have been connected with wheat for quite a while, both producing it and handling it in elevators, and I have always found that the farmer absorbs all the rates, elevation, freight, handling, ocean rates and so on, from the day the wheat leaves his farm until it reaches Liverpool. So I was surprised that the hon. member for Fort William did not make a plea of that kind for his ports.

Mr. NEILL: A few hours ago the minister gave a statement of the revenue deficiencies of the various ports in Canada. I was wondering how the port of Alberni showed up in that regard. I think there should be a surplus there, not a deficiency. Has the minister any of the figures for last year at hand?

Mr. HOWE: I am sorry to say that the port of Alberni does not come under this item, and I have not the figures here. There is no possible way to have a deficit at a port which is administered under the Harbours and Piers Act. We go on the principle of no money, no pay; in other words, the expenses can be paid only out of the revenue. The port of Alberni has shown quite a considerable increase in revenue, and I think, when I give the hon. member the financial statement in regard to that port, he will find it very satisfactory.

Mr. NEILL: That may be due to the fact that we have no harbour board there. We have a competent harbour master and a good superintendent, and the result appears to be no trouble, no graft and a profit.

Mr. ROSS (St. Paul's): I have listened to everybody talking about ports all over this country. I notice that the port of Montreal had a total of some sixteen million tons, and I was interested to hear the minister say he was partial to that port. Then he said the port of Vancouver had a total of some 6,900,000 tons, and again he said he was interested in and partial to that port. We in Toronto are rather jealous; we had a total of 3,700,000 tons. In fact, Toronto is the third largest port in Canada. We have always had great consideration from the minister, and I know he likes to come to Toronto. We do not trouble him very much; but when we do come to the minister and want something for the port of Toronto, I hope he will always remember—and the house will always remember—that Toronto is the third largest port in Canada, and that the little we do want from time to time we expect to get.

Mr. WALSH: I would not care to create the impression that I deprecated the growth or development of any port in Canada. I hope the trade and commerce of our country are going to increase to such an extent that every port on the eastern and western borders will receive a satisfactory share of the commerce that is carried on. But I should like the minister to tell the committee the agreed rate for lifting from lake boats into the elevator and from the elevator into ocean boats, at the port of Quebec, that is to be paid by the Dreyfus Company during this current season.

Mr. HOWE: The tariff for the port of Quebec is exactly the same as for all St. Lawrence ports. The amount that Dreyfus and any other customer of the port of Quebec is paying is $10.25 per 1,000 bushels. It is exactly the same in Montreal, Three Rivers and Sorel.

Mr. WALSH: Then there is absolutely no truth in the statement which appeared in the Montreal press that this company had received a special concession for shipping an agreed amount of grain—that is corn, I understand—through the port of Quebec during this season, supposed to be a difference between $10.25 and the $1.25 per 1,000 bushels? There is absolutely no truth in the statement that appeared in the press some few weeks ago, leading one to believe that those special arrangements had been made to persuade this company to ship through the port of Quebec this season?

Mr. HOWE: No truth in it whatever. I ask my hon. friend if he objects to seeing a little movement of grain through Quebec.

Mr. WALSH: Absolutely not.

Mr. HOWE: Why so much talk about it?

Mr. WALSH: I am not talking about it; I am asking for information.

Mr. HOWE: The hon. member made the statement earlier that Quebec was getting an undue proportion.

Mr. WALSH: The minister will understand in a few minutes why I ask for this information. He realizes that at the beginning of the season the water rate to Quebec from lake ports was five cents a bushel. This was increased to 5½ cents a bushel, and then to six cents a bushel.

Mr. HOWE: What rate is my hon. friend talking about?

Mr. WALSH: On grain.

Mr. HOWE: From where to where?

[Mr. Ross (St. Paul's).]

Mr. WALSH: From lake ports to the city of Quebec. The rate was increased from five to 5½ cents, and then from 5½ to six cents. I understand that was as a result of certain arrangements made by the Department of Transport in order that this Dreyfus Company could move grain through the port of Quebec at a special rate which they could not obtain through other ports on the St. Lawrence. The minister has suggested that this is not so, but the fact is that we had this increase in the rate on grain from lake ports to the port of Quebec. I was wondering if there was any significance in the increase made since the season opened.

Mr. HOWE: As a minister of the crown I told my hon. friend that the rate for Quebec was $10.25, which is exactly the same as the rate for Montreal. Is he prepared to accept that? He seemed to doubt it in his last statement.

Mr. WALSH: I accept it. When an hon. member makes a statement in this house I accept it.

Mr. HOWE: When the rates first came out there was a half cent differential in the rates published for Quebec and Montreal. We took vigorous steps to have that differential removed. We took the position that for many years the river ports of Montreal, Quebec, Sorel and Three Rivers had been quoted uniform rail and water rates. The water rates are not controlled to the same extent as the rail rates, because there is no rate making authority. We took prompt and vigorous action to have the differential removed, and in a short time we succeeded in our efforts. As a matter of fact, no grain moved at the higher rate. The differential was removed as quickly as it had been set up. The rail companies took joint action, but not to the extent of publishing a tariff. They threatened to take action in the same way and put a half cent differential against Quebec, but we threatened to apply to the board of railway commissioners and they changed their minds. We did exactly for the port of Quebec what we are prepared to do for any other port; we did everything to preserve its parity with competing ports.

Mr. WALSH: Had not arrangements been made in the interim to transfer this grain from the Georgian bay ports to the elevators at Quebec by rail at much reduced rates in order to meet that increase by the lake carriers? I am referring to an article that appeared in one of the Montreal papers, I think about two or three weeks ago.

Mr. HOWE: I cannot answer everything that comes out in the Montreal papers. I did not realize they were so unreliable. I can say that we had made no arrangement about rail rates. We did intervene, as I have indicated, to put a stop to the proposed differential in the water and rail rates as between Quebec and Montreal. I believe in taking that step we acted in the best interests of transportation in this country.

Mr. WALSH: I am sorry that everybody and every source are unreliable except the minister. However, I must take my information where I can get it.

Mr. HOWE: The only difference is that when I make a statement I must be responsible for it.

Mr. WALSH: I try to be responsible for any statement I make. I am seeking information. My curiosity was aroused when I read that report and heard these matters discussed by those who are interested in this particular differential. Let me ask the minister one further question. As he knows, in the port of Montreal and at other ports on the St. Lawrence grain is stored free of charge for ten days, after which storage is charged. Is that condition to prevail in the elevators of the city of Quebec, or have arrangements been made to give free storage for longer than the ten days usually allowed?

Mr. HOWE: I feel something like a squirrel in a cage when I answer these questions. I gave an elaborate statement in connection with that situation in which I said that a special tariff had been filed at the beginning of the season to apply until August 31, which provided that during that period there should be no accumulation of storage against full cargoes of export grain at Quebec. We understand that the same practice has been in effect at Sorel and at Three Rivers. The reason for this is that shipment by tramps usually necessitates payment of storage charges which is generally avoided in a port where both liners and tramps are loaded. The position is this. We do accrue that storage at the port of Montreal for periods longer than ten days, but we do not accrue it at Quebec for the period which I have stated. That is provided for in the tariff approved by the board of grain commissioners, and it is available to any one who cares to ship through the port of Quebec.

Mr. WALSH: The minister will appreciate my inquiry in this respect after what was reported in the papers. The people interested in the port placed a great deal of reliance on the statement that was made when the national harbours board was created. This statement was that the harbours board had stated on innumerable occasions that their intention was to stabilize charges through the different ports and make them uniform. I am glad to have that statement confirmed by the minister. I am glad to hear him say that this is the basis upon which the national harbours board are working. I know the people interested in the port of Montreal and in other ports on the St. Lawrence will be glad to have a denial of any rumours and a confirmation of the arrangement that was entered into when the national harbours board was put in charge of the national harbours of the Dominion of Canada. I feel quite certain that, as a result of the discussion to-night, the atmosphere in and around the port of Montreal will be to some extent clarified. I feel all will realize that the Department of Transport is making a serious effort to adjust satisfactorily any differences that might exist and is not attempting to create traffic in one port to the detriment of another. The minister knows as well as I do how these rumours get about and how disquieting they are upon the public. He realizes that if anything is done to create traffic through a particular port by giving special advantages, it will upset the whole scheme and there will be general dissatisfaction and mistrust in connection with the national harbours board. The minister has not given me credit for very much to-night, but I think he will at least give me credit for having supported the bill which set up this national harbours board. At that time I made only two suggestions: First, that there should be an advisory committee made up of representatives from the maritimes, the St. Lawrence and the west; or, failing that, that the port managers be given wide authority to work under certain general rules and regulations and not be considered as merely glorified office boys. These were the only two stipulations I made; and I agree with what the minister is doing. I am glad that the national harbours board is working out so satisfactorily, judging by the statement of the minister, but I hope something will be done so that the cities where the harbours are situated will have more direct contact with the harbours board so that these ports can develop. At the present time there does not seem to be any rivalry between ports, and the result is that a few ports seem to get the bulk of the business that passes through eastern or western ports. I know the feeling in my own city is that they would like to have more direct contact with the board, and that feeling must be much

stronger in Halifax, Vancouver and Saint John, because Montreal is much closer to the centre of things than these distant ports. I know of cases, however, that come up in Montreal, as the minister well knows, where decisions have to be arrived at almost overnight or otherwise there would be a loss, and I hope that the port managers will be given more latitude or that an advisory committee will be given authority to be consulted in these various areas instead of having everything decided in the city of Ottawa.

Mr. HAYHURST: I should like to correct one or two misstatements that have been made. One would think, listening to the hon. member for Fort William (Mr. McIvor), that all the wheat producers of western Canada were in Manitoba, whereas the fact is that Alberta last year produced as much wheat and coarse grains as all the rest of Canada put together.

While we have no seaports in Alberta, we have airports, which are the ports of the future. Listening to the discussion, I came to the conclusion that each member was speaking for his own particular port and considered it the best port in Canada, but the minister realizes that what we really need in the interests of Canada as a whole is the development of our best harbours, wherever they may be, for the shipment of our commodities. Some people talk of the survival of the fittest, and they think the fittest should be considered to be this harbour or that, whereas the survival of the fittest should mean that those ports should survive which give the best service, and I commend to the minister those which are giving the best service to the country.

Mr. DUFFUS: We have heard considerable criticism about the amount of Canadian grain that is going through United States ports. Can the minister give some idea of the amount of United States grain going through Canadian ports?

Mr. HOWE: There is no uniformity about the thing because it varies with marketing conditions and a number of other factors. For a number of years more United States grain went through Montreal than Canadian grain through New York, and that is likely to be repeated this year. On the other hand, in the winter months the liner demand for wheat for ballast results in a low rate being quoted which attracts some Canadian grain to the port of New York. That has always been and always will be the case. It is dictated by the situation at the moment, and I do not think there is any particular patent on it. But it has been a very unusual year when Canada has not exported far more United States grain than the United States has exported Canadian grain.

Mr. GREEN: Will the minister explain the vote listed under item No. 436, paragraph (b)? How are these amounts to be spent? For example, I might mention the item of $130,000 for Saint John and that of $365,000 for Quebec.

Mr. HOWE: The roadway in the rear of berths Nos. 8, 9, 10 and 11, requires an expenditure of $46,000, and frost-proofing shed No. 13 requires $84,000. The roadway is to serve the new berths.

Mr. GREEN: Is the item of $100,000 for "generally unforeseen" available to be spent in any port?

Mr. HOWE: Yes; that is a floating fund to take care of business requirements which develop between times. It is available for any port.

Mr. GREEN: The whole $767,000 will be added to the indebtedness of the national harbours board?

Mr. HOWE: Quite.

Mr. GREEN: What is the total indebtedness to the government and to private individuals?

Mr. HOWE: The total interest bearing indebtedness of all ports to the government is $148,244,183.83.

Mr. GREEN: How much is owing to private individuals as distinguished from the amount owing to the dominion government?

Mr. HOWE: There is, in addition, indebtedness to the public amounting to $23,218,994.76, including the Jacques Cartier bridge.

Mr. GREEN: Is the same rate of interest, which I understood the minister to say is 3½ per cent, charged on all indebtedness to the government?

Mr. HOWE: No; the rate of interest has varied depending upon the cost of money at the time the loan was made. Current loans are at 3½ per cent, but some are as high as 5 per cent.

Mr. GREEN: Seeing that the indebtedness is all owing to the dominion government, would it not be as well to charge the same rate of interest, 3½ per cent, on the whole amount? It seems a little unfair that some ports should be paying more than that.

Mr. HOWE: The loans were made in accordance with the statutes, and the statutes

specify the rate. But we are studying that situation, and it is part of our program to get it adjusted and possibly make changes in the capital structure.

Mr. GREEN: Are the net income deficits added each year to the total indebtedness of the respective ports, and interest charged on the whole amount?

Mr. HOWE: No; we do not capitalize deficits. The deficit is always charged up to the treasury.

Mr. GREEN: And paid out of consolidated revenue?

Mr. HOWE: Yes.

Mr. MacNEIL: I should like to inquire further about the fire protection problem in Vancouver. The inference to be drawn from the minister's remarks was that the present arrangements there were satisfactory, but as a matter of fact it has been impressed upon me that by reason of recent experience there is considerable apprehension that valuable property may be endangered. There have been several hair-breadth escapes from serious conflagrations. Do I understand that the harbours board does not consider it necessary that additional fire protection should be provided? After all, however efficient a city fire department may be, they cannot protect shipping adequately unless facilities are provided for fighting the fire from the waterfront itself.

Mr. HOWE: As I said before, an agreement was made between the mayor and city council of Vancouver and the national harbours board by which there was a division of responsibility. In that agreement, which was a mutual one apparently advantageous to both, the city assumed full responsibility for fire and police protection of harbour property in return for the right of taxation of crown leaseholds.

Mr. ISNOR: In view of the statement made by the hon. member for Royal—I know he would want to be fair—as he gave certain figures, I should like to put on Hansard a statement showing the total quantity of water-borne cargo tonnage landed from and loaded into vessels at the harbour of Halifax during the calendar years 1936 and 1937: 1936, 2,140,458 tons; 1937, 2,376,200 tons; or an increase in 1937 over the year 1936 of 235,742 tons.

Mr. STEWART: I have been an interested and a patient listener to the minister's statements in connection with the cost of moving grain in and out of the harbour of Montreal, and the conclusion I have come to, with which I think the minister will agree, is that it costs just as much to move a given quantity of grain into the harbour and out of the harbour under the new rates as it did under the old. They are just the same.

Mr. HOWE: Exactly the same.

Mr. STEWART: And the argument is whether it shall be paid in one way or in the other, but the net result is that the cost to some person, whether it be the farmer, the purchaser, or the vendor, is the same.

Mr. HOWE: Exactly the same.

Mr. STEWART: There has been superimposed both upon the harbour of Montreal and over it, the Jacques Cartier bridge. The minister stated that there was an operating surplus. I take it that there is an over-all deficit.

Mr. HOWE: Yes.

Mr. STEWART: What is the amount of the over-all deficit?

Mr. HOWE: The deficit over-all for the year 1936 was $745,935, and that is after crediting $300,000, paid half by the province and half by the city. The year 1937 is a trifle better; the over-all deficit was $693,479.

Mr. STEWART: The minister says there is an over-all deficit after crediting a contribution made by the city of Montreal and the province of Quebec. That contribution is because of the deficit in the first instance, is it not?

Mr. HOWE: By agreement when the bridge was built, yes.

Mr. STEWART: But the real deficit, then, is the amount of the two items?

Mr. HOWE: Yes.

Mr. STEWART: The amount of the net deficit plus the amount of the two contributions.

Mr. HOWE: The sum of $993,000 in 1937.

Mr. STEWART: How much?

Mr. HOWE: Practically a million dollars in 1937.

Mr. STEWART: That is what I thought. How does the amount of that deficit compare with the deficit the year before? Is it improving?

Mr. HOWE: Improving a little. Traffic is better.

Mr. STEWART: Was there any contribution direct or indirect towards the main-

tenance of the bridge that is not included in the operating expenses? Was there some contribution for the relief of unemployment?

Mr. HOWE: Not since 1935, I think. I believe there was some painting done in 1934-35.

Mr. STEWART: By way of contribution?

Mr. HOWE: Yes. Nothing made since.

Item agreed to.

Loans and investments—Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures during the calendar year 1938 on any or all of the following accounts (revote $268,100):

Reconstruction and capital expenditures—

Montreal, $1,297,500.

Less amount to be expended from replacement fund, $367,700—Total, $929,800.

Mr. GREEN: What is this to be spent for?

Mr. HOWE: For Montreal harbour:

Reconditioning downstream side of Alexandra pier	$ 535,000
Windmill Point wharf, upper end of basin	50,000
Sawtooth wharf No. 1, sections 30, 31	190,000
Raising wharf at sections 46-49	300,000
Dredging, drilling and blasting (revote $42,000)	69,600
Water service to wharf, sections 56, 57, 58	4,500
Driveway to wharf, sections 56-58 (partly revote)	2,500
Provision of water gauge (partly revote)	4,800
Completion of No. 5 extension (revote)	50,000
Provision of double track at shed, No. 5 extension, and paving	6,600
Provision of provisory surfacing of Sutherland pier	6,500
Completion of Imperial Oil wharf (revote $68,000)	78,000
Total	$1,297,500
Total revote, $268,100.	
Less amount to be expended from replacement fund	$ 367,700
Net total	$ 929,800

Mr. GREEN: Are any of the supplies for these ports purchased by the harbours board? During the Easter recess I had a complaint about seals for freight cars, of which a great number are used, being purchased in the United States. A seal which was brought into my office had stamped on it "Made in U.S.A." That may have been just a lone instance, but is there not a policy of the board that all supplies shall be purchased in Canada?

Mr. HOWE: Yes, entirely. I think the harbours board would not buy seals. It must have been—

[Mr. Stewart.]

Mr. GREEN: Freight car seals.

Mr. HOWE: —freight car seals, possibly from ex-American lines. But I think the harbours board would not be a purchaser of freight car seals.

Mr. GREEN: New seals used in sealing up freight cars.

Mr. HOWE: If I am not mistaken, they would be supplied by the railroad. In any event, all harbours board material and supplies are purchases of Canadian origin.

Mr. STIRLING: Why is item No. 439 separated from item No. 436, and would the minister explain how it comes about that nearly a million dollars of last year's vote was not required?

Mr. HOWE: That arises from a difference in the treatment of public accounts. Certain harbour assets are carried in the public accounts as active assets, and certain others are carried as inactive assets. The ports of Montreal and Vancouver are carried on the public accounts as active assets because over a period of years they have been able nearly to pay the interest. The other ports are carried as inactive assets because they have not been able to pay more than a small portion of the interest, or none at all.

Item agreed to.

DEPARTMENT OF PENSIONS AND NATIONAL HEALTH

Services to veterans and dependents—Grant to the last post fund, $75,000.

Mr. MacNEIL: How is this apportioned to the provinces?

Hon. C. G. POWER (Minister of Pensions and National Health): It is not apportioned.

Mr. GREEN: What check is made by the department on the operations of the committees that deal with the last post fund?

Mr. POWER: An auditor's report is received.

Mr. GREEN: Last summer I attended a funeral arranged for out of the fund, and it seemed to me that the intent of the founders of the fund was not properly carried out. There were two returned men buried at once, one from my own battalion and one from the inland water transport, which looked in the first place as if someone was trying to do it on the cheap. Though there was an organ in the undertaking parlour, one of the best undertaking parlours in Vancouver, there was no music at all and the whole procedure made one wonder whether somebody was trying to save money at the expense of these unfortun-

ate men who died in such tragic circumstances. The department should check carefully the spending of this money.

Mr. POWER: The trustees in British Columbia are: President, Colonel St. J. Montizambert; Rev. C. C. Owen; R. F. C. Letson; honorary treasurer, Major R. H. Tupper; secretary-treasurer, V. J. Lewis. The amount paid for a funeral must not exceed $100—$50 for the funeral, $25 for the grave including opening and closing; and the cost of placing of a marker on the grave. That is standard from one end of the country to the other.

Mr. GREEN: The men whose names the minister has mentioned are among the very best in the city. I do not think they knew anything about this.

Mr. POWER: It is their duty.

Mr. GREEN: I suggest that some check should be made, because people get careless as time goes on. It is time there was a close check-up on the way in which these services are conducted.

Mr. POWER: I shall be glad to bring my hon. friend's complaint to the attention of Colonel Montizambert and Mr. Lewis, if he desires. I do not know the gentlemen.

Mr. GREEN: Has the department not an official who could take the matter up in Vancouver instead of making a cold complaint to the trustees? I do not want any complaint made to them in that way.

Mr. POWER: There are no representatives of the department on the board of trustees at Vancouver. We have a representative of our department on the board at headquarters.

Mr. GREEN: But could not some official from the Department of Pensions and National Health in Vancouver do it?

Mr. POWER: Who could do it better than the minister? I shall be glad to send a copy of Hansard to Colonel Montizambert.

Item agreed to.

Sheltered employment, $72,560.

Mr. GREEN: Before the minister takes up this vote, can he tell us whether it is the intention to bring in amendments to the Pension Act this session?

Mr. POWER: That has nothing to do with this vote.

Mr. GREEN: But some suggestions were made with regard to doing away with crown appeals and wiping out the deadline for applications for pension by men who served in actual theatres of war, and for dealing with nerve cases and widows' pensions. Is it intended to amend the act this session?

Mr. POWER: I suggest that the hon. member endeavour to stick as closely as he can to the vote. He will admit that we have given the widest latitude in all this discussion ever since we started this session. I have no objection to telling him that the matter is still under consideration—

Mr. GREEN: That is all I want to know.

Mr. POWER: —but I think we should stick as closely as we can to the votes if we hope to get through some time this session.

Mr. GREEN: Will the minister tell us something about this particular vote?

Mr. POWER: This is the "vetcraft" vote. We have vetcraft shops at Montreal and Toronto. This is for accommodation and equipment and other expenses; for provision for sheltered employment for returned soldiers in vetcraft workshops; for cost of transportation for blinded or totally disabled pensioners requiring the services of an escort; for payments to the Canadian National Institute for the Blind for the training of and services rendered to the blind, and payment to the Red Cross which operates the factory at Victoria, also salaries of instructors, and wages of operatives.

Mr. MacNEIL: How many men are given employment under this plan?

Mr. POWER: There are about 124 employees at the present time.

Mr. MacNEIL: What are the rates of pay?

Mr. POWER: Thirty-three cents an hour.

Mr. LAWSON: Are there 124 men in all Canada?

Mr. POWER: Altogether, yes.

Mr. LAWSON: I thought there were a great many more.

Mr. POWER: No.

Mr. MacNEIL: In connection with the national institute for the blind, how many men are provided for and on what terms?

Mr. POWER: The department pays the Canadian National Institute for the Blind a proportionate amount of the cost involved in the after care of the blind. This is for the maintenance of the library and radio services, expenditure, etc. Accounts are submitted monthly amounting to $300 or $400.

Mr. GREEN: There is no intention of taking care of any unemployed veterans?

Mr. POWER: Not under vetcraft.

Item agreed to.

Pensions branch—Pensions branch administration, $837,262.

Mr. GREEN: Will the minister explain the increase?

Mr. POWER: Offhand I would say that it is due largely to the restoration of the five per cent deduction and the annual increases. The five per cent deduction accounts for $25,000 odd, and there is $7,525 for salary increases.

Mr. GREEN: In the details given on page 151 of the estimates there is listed one registrar of correspondence at $3,720 a year. What are his duties?

Mr. POWER: He has charge of the central registry.

Mr. LAWSON: Is the increase in respect of pension commissioners the same statutory increase, or is there an additional commissioner?

Mr. POWER: There is no additional commissioner; there has been a decrease in the number of commissioners.

Item agreed to.

Direct payments to veterans and dependents —Hospital and other allowances, $1,075,000.

Mr. GREEN: What is the explanation of the decrease?

Mr. POWER: To some extent a decrease in hospital strength, although I think the hospital strength is about the same. It runs about 2,400 in the winter, 2,200 in the summer. Possibly the pensioners who in former years went on pay and allowances are either stabilized on pension or do not return to hospital. Our hospital population is becoming more and more veterans' care, and different classes which do not carry pay and allowances. The decrease may be in part due also to the fact that generals, colonels and other officers of high rank no longer receive the pay of their rank, as they did before I came into office.

Mr. GREEN: The reduction on that account would not amount to very much.

Mr. POWER: Well, seven or eight hundred dollars a month was a lot of money to pay to one man. They are not getting it now.

Mr. GREEN: What is the present position in regard to giving dental treatment? That is becoming a serious matter. It was specifically referred to in the report of the veterans' assistance commission. Apparently a great deal of hardship is suffered by veterans through lack of dental treatment.

Mr. POWER: That does not properly come under this item. The question of dental treatment would come under item No. 223, care of patients, which will not be taken up to-night. But, generally speaking, we give dental care when the disability from which the man is suffering is in some way related to his teeth. We have extended that considerably in the last three or four years. We give all kinds of dental treatment to anyone who happens to be in our hospitals, whatever dental treatment is required. There has been some difficulty, which still exists, with respect to dentures and matters of that kind when the pensioner or patient does not reside in a locality where we have a hospital or a contract hospital or a salaried medical officer of the department. I am endeavouring to place more salaried dental officers in different districts more or less remote from the large centres, so that it will be possible to extend dental treatment to those who require it, even though the dental condition is not directly connected with the disability from which the patient is suffering.

Mr. GREEN: Would it not be possible to have this work done by local dentists? Is it necessary that there be a departmental dentist in each case?

Mr. POWER: Frankly, it is rather difficult to check up. We do a good deal of it; but the hon. member will realize that there is no treatment which can run the expense up more, sometimes without much justification, no other treatment which is harder to control than dental treatment; and if we gave it indiscriminately throughout the country, it might get out of control. But we are studying the matter and hope to find a more satisfactory system.

Mr. GREEN: Then we hear complaints about regulations being too strict. For instance, we hear that if a man has a couple of teeth left, he cannot get a plate. The situation may not be as bad as that, but we hear of restrictions that are much too severe. Can the minister tell us what they are?

Mr. POWER: I shall be glad to give more detail on that vote. I have a statement on the whole dental situation; but I left it with my other documents relating to treatment, because my hon. friend requested that I do not discuss treatment to-night.

Mr. MacNEIL: There has been considerable alarm among ex-service men with regard to substantial reductions in this item and the item, care of patients. I would appreciate it if either on this vote or the other the minister would give a general picture of the situation. It was reported that for March, 1936, the cost of hospital treatment was $2,760,866; and for

March, 1937, it was $2,732,087, a decrease of $28,778. For hospital allowances the figure for March, 1936, was $1,315,347, while for March, 1937, it was $1,083,919, a decrease of $231,427. Hospital admissions in March, 1936, were 10,411 and 9,486 for March, 1937, a decrease of 925. The minister will remember that in the proceedings of the special committee in 1936 certain stated questions were submitted to the officers of the department regarding P.C. 91, asking for assurance that there would be no restriction under that order in council as compared with the one previously in force. Would the minister, either now or under another vote, tell the committee whether there has been any transfer from class 1 to other classes, thereby reducing the number of men eligible for allowances as class 1 patients?

Mr. POWER: My hon. friend will notice that this year the estimates are set out in a different way. In other years the two items, care of patients, and hospital and other allowances, were bulked. The total amount provided in the estimates for these two items was in excess of the actual expenditures incurred for these activities during the past fiscal year. There was an unexpended balance in the vote. I have a comparison here. For 1936-37 the actual expenditures were:

Hospital and other allowances..	$1,083,919
Care of patients..	2,989,446
	$4,073,365

In the 1938-39 estimates, vote No. 221, which we are now considering, the figures are:

Hospital and other allowances..	$1,075,000
Care of patients, vote 223.	3,045,287
	$4,120,287

An increase of approximately $50,000 for the two votes put together.

Mr. MacNEIL: Has the minister the figures of hospital admissions during the last year?

Mr. POWER: I have that somewhere, under care of patients. But the average is about 2,400. It ran to about 2,580 during last winter and is gradually coming down; I suppose it will reach about 2,200 to 2,300 during the summer.

Mr. MacNEIL: Has there been any substantial transfer from class 1 to other classes under P.C. 91? Are the figures available of those who have been admitted under the various classifications?

Mr. POWER: As far as I can get those figures. I shall bring them.

Mr. MacNICOL: What attention is given to returned soldiers who die suddenly, away from the hospital? I know of a returned soldier who had a job in northern Ontario; he left his place of employment, had to walk some twenty-four miles to the station. About halfway there was a stopping place where he stopped overnight. Next day he started for the station. He had been subject to fainting spells and falling, as the hospital records show; apparently he had one of these spells on the way to the station that day and was frozen to death before he was found. After the post mortem, however, the doctors said he had died as a result of being frozen to death. Personally I do not believe that; the doctors may have been right; but since the man was troubled with fainting spells he might have had one at that time, and not being able to get up again he froze to death. I want to know under what item I should bring this matter up.

Mr. POWER: I think it might be properly discussed under the item relating to pensions, since I take it my hon. friend proposes to make claim for a pension on behalf of the widow of the ex-soldier who died under those circumstances. As the hon. member knows, the Canadian pension commission has full authority and jurisdiction, without regard to the minister or anyone in this house, to judge whether or not the widow would be entitled to pension.

Mr. MacNICOL: I have always found them very satisfactory.

Mr. POWER: Then I commend my hon. friend to the pension commission, where I have no doubt he will get satisfaction.

Mr. MacNEIL: On the question of class 1 allowances I wish to refer to a matter which was referred to previously. Order in council P.C. 91 definitely includes a disability resulting from aggravation while on service. No distinction is made; that principle has been accepted. I think on previous occasions the assurance has been given that there would be no restriction under P.C. 91 as compared with the previous order in council regulating government medical treatment. A number of cases have been brought to my attention recently of men who have been denied class 1 treatment and have not secured the allowances, because the disability resulted from aggravation on service. I shall not take up the time of the committee at the moment to refer to a case cited previously, No. 103431—

Mr. POWER: Is that a Halifax case?

Mr. MacNEIL: No; a Seattle case, in which the departmental medical authority definitely stated that since the condition

antedated enlistment, and as it was aggravated only to a very slight degree as a result of service, the man should not be entitled to class 1 treatment. I should like some assurance from the minister that no distinction is made in regard to aggravation cases.

Mr. POWER: I think we offered to bring that man back to Canada, but he would not be hospitalized in Canada. Is that the case?

Mr. MacNEIL: No. If the minister will permit me, the department offered to have this man treated in the outdoor department in Seattle, and the United States veterans' administration replied on January 5 of this year that they had no facilities available for outdoor treatment for such a severe degree of disability. That was dealt with in connection with other matters, but I am asking for some assurance that no discrimination will be made in reference to aggravation cases in regard to pay and allowances, and treatment as a class 1 patient.

Mr. POWER: I am informed, and I have some recollection of it, that the man eventually did get his treatment, did he not?

Mr. MacNEIL: He got an increased pension instead.

Mr. POWER: I can reiterate my assurance that when P.C. 91 was passed there was no intention to restrict in any way the rights which ex-soldiers had previously enjoyed, and whenever any case like that is brought to my attention I do the best I can to rectify the difficulty.

Mr. ROSS (St. Paul's): Is there any arrangement with the imperial government for giving allowances to imperial ex-soldiers under this item?

Mr. POWER: As my hon. friend knows, the imperial ministry of pensions have an office in Canada, at Ottawa, and they make arrangements with their own men. Whatever arrangements are made are as between the ex-imperial soldier and the British ministry of pensions.

Item agreed to.

Services to veterans and dependents—Employers liability compensation, $40,000.

Mr. GREEN: How much of this vote was spent last year?

Mr. POWER: We expended everything but $2.60.

Mr. MacNEIL: Has the department given consideration to extending the benefits of this compensation? Several recommendations have been made in regard to widening the scope of this regulation.

Mr. POWER: I do not want to criticize any of my commissions, but when they made those recommendations I do not think they understood what this was about.

Mr. GREEN: The minister should have instructed them better.

Mr. POWER: I tried to, but still they did not understand. They seemed to think this was a form of group insurance. Frankly, as I have already stated, I do not believe very much good is done ex-service men by means of this $40,000. We pay the claims that are made on account of injuries to ex-soldiers who have been injured in industrial employment. It applies only to those who receive a 25 per cent pension or more. The recommendation, as I understood it, was that this should apply to all ex-soldiers; but under the present set-up of workmen's compensation boards throughout the whole country, as I have already said in the house, the industries are largely insured by industries, and no employer is going to take a new man into his employ simply because he has the assurance that compensation in case of injury will be paid by the government of Canada. The only people who seem to profit by it are the provincial workmen's compensation boards, who are only too glad to make claims on us. We pay the provinces; we have never done anything else. On various occasions I have said I would like to drop this vote; but for some unknown reason there is always a row about it, and it is hardly worth while. We simply give that much money to the provinces. I would say, I think, without fear of contradiction, that in the last ten years not one man has obtained employment on account of this provision.

Mr. GREEN: Would any man lose employment if it was cancelled?

Mr. POWER: I do not think so. It has been urged that perhaps some of the railways, such as the Canadian Pacific or the Canadian National, might dismiss a man who had more than a 25 per cent disability if his industrial compensation was not covered by this item. That might be so, but I doubt it very much. I do not think the railways would do that.

Item agreed to.

Progress reported.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

Friday, May 20, 1938

The house met at three o'clock.

RADIO BROADCASTING

FINAL REPORT OF SELECT COMMITTEE PRESENTED

Mr. A. L. BEAUBIEN (Provencher): Mr. Speaker, I wish to present the second and final report of the select committee on radio broadcasting. This report is unanimous, and copies are being printed in English and in French.

The select committee appointed on radio broadcasting to consider the annual report of the Canadian Broadcasting Corporation and to review the policies of the corporation with special reference to revenues, expenditures and development, begs leave to present the following as its second and final report:

Your committee held seven meetings and had as principal witnesses the chairman and vice chairman of the board of governors and the general manager. During seven sittings, an exhaustive examination was conducted. All information required by the committee to carry out its terms of reference was supplied, confidential information not susceptible of publication in the public interest being made available privately. The committee was impressed by the ability and frankness of the principal witnesses.

The bulk of the evidence concerned the program, technical and financial policies of the corporation. Your committee is of the opinion that these policies are well designed to carry out the purpose for which the corporation was created. Your committee is also of the opinion that the policies of the corporation are being executed in a businesslike fashion.

With respect to programs, the corporation's policy is to utilize Canadian talent in the development of Canadian programs of distinction and quality, and to make available to Canadians the best programs from the United States, Great Britain and elsewhere. With the resources at its disposal, your committee believes, the corporation can give Canada satisfactory broadcasting service, while at the same time enabling Canada to create programs worthy of exchange.

With respect to the corporation's plan of national coverage, involving the ownership of high power stations and the extension of CBC coverage to reach all parts of Canada, your committee wishes to indicate its approval. It is considered that the development of this plan is of great importance in the national interest. Your committee is of the opinion that while private stations will continue to serve a useful local purpose, the corporation urgently requires its own comprehensive facilities for distribution. At the present time, large areas of Canada, particularly in the maritimes, the prairies and British Columbia, receive somewhat scant and spasmodic service of CBC programs.

Your committee is satisfied that the financial policies of the corporation are sound and that the administration is being conducted in a prudent and efficient manner.

Your committee considered carefully the present and future revenue requirements of the corporation. It is of the opinion that present sources of revenue should be sufficient to maintain and develop the projected plan of national coverage.

With respect to revenue for capital purposes, your committee is of the opinion that consideration should be given to the provision by loan or grant, of sufficient capital funds to enable the corporation to complete its plan of national coverage at the earliest possible moment.

Your committee is of the opinion that the present scale of licence fees of $50, for privately owned broadcasting stations of hundred watts or under is adequate, but believes licence fees should be increased on higher powered stations servicing densely populated areas.

Your committee recommends that the incidence of the application of the licence fee be carefully reviewed by the Department of Transport in the light of this year's experience, with a view of effecting a reduction of the licence fees.

Your committee was impressed with the importance of the establishment, at an early date, of a high power short-wave broadcasting station. Such a station, your committee believes, would be a great utility in interpreting and advertising Canada abroad and in facilitating an exchange of programs between Canada and other broadcasting systems. Canada, your committee was informed, is the only major trading nation without such facilities. It is submitted this should be financed as a national project, operated and controlled by the corporation.

Your committee believes that the constitution of the corporation, ensuring a proper division between policy and management and a degree of flexibility and independence essential to the medium of broadcasting, together with ultimate parliamentary control, is well suited to the purpose for which it was created. Public service broadcasting in Canada must necessarily continue to be free from partisan control, and your committee is gratified to report that the activities of the CBC have been free from any nature of partisanship whatsoever. Your committee also wished to pay its tribute to the governors of the corporation for their vision, public spirit and efficient conduct of the trust imposed upon them by parliament.

In conclusion, your committee wishes to express its belief that the broadcasting system emerging in Canada is, and can increasingly be, an important factor in creating a sense of national unity and approves the general policy of concentrating on a national system of high power stations.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF MINES AND RESOURCES

Government of the Northwest Territories: general administration, operation, maintenance and improvement of services, including Wood Buffalo park, $245,320.

Mr. PELLETIER: Would the minister explain the increase of $30,714.50 in this item?

Hon. T. A. CRERAR (Minister of Mines and Resources): The increase is due in part to the restoration of the salary deduction that was in effect for several years prior to last year, and to the annual statutory salary increases. There is also an increased amount for supplies and materials. In previous years practically all the government drug supplies required in the Northwest Territories were provided through the Indian Affairs branch, but under a rearrangement the Northwest Territories vote is charged with the amount this year. There is also an increased expenditure for provisions for destitute people in the Northwest Territories. Hon. members are familiar with the fur cycles in the Northwest Territories; these cycles come and go, and last year and this the cycle has been at a very low point; consequently the revenue derived by individuals from trapping has been reduced and more cases have required assistance from the administration. These are the main increases. There is also a small increase for hospitalization and an increase to restore fire fighting and other equipment at Fort Smith and Wood Buffalo park. Fort Smith is the administrative headquarters of the Mackenzie district.

Mr. PELLETIER: There has been a good deal of talk and speculation, mostly in the newspapers, concerning the desire of British Columbia to annex certain portions of northern territory. Would the minister be kind enough to make a statement concerning any negotiations which have been carried on up to the present time, and what the probable outcome will be?

Mr. CRERAR: No negotiations have taken place on the matter to which my hon. friend alludes. Any discussions with British Columbia regarding the Yukon, which I understand the hon. member includes in his question, were brought down in a return to the house several months ago.

Mr. CLARKE (Rosedale): I see on page 112, itemized, a reduction in the number of head clerks from six to five at $3,000, $15,000; last year there were six, the amount being $16,500, a difference of $1,500. Will the minister kindly explain why the reduction is only $1,500? Were the six clerks in receipt of $3,000 each?

Mr. CRERAR: I am advised the explanation is that there is one clerk less this year.

Mr. CLARKE (Rosedale): Yes, I see that. It is shown in the estimates. But the difference is only $1,500.

[Mr. Pelletier.]

Mr. CRERAR: I am advised that the clerk who has retired was paid $1,500 retiring leave which was coming to him when he retired. That is the explanation of the difference.

Mr. CLARKE (Rosedale): He had worked only part of the year?

Mr. CRERAR: Yes.

Mr. SPENCE: Where is Wood Buffalo park located?

Mr. CRERAR: Wood Buffalo park is located partly in northern Alberta and partly in the Northwest Territories on the west side of the Athabaska river. It is a very large park, set aside many years ago. I am advised that it comprises 17,300 square miles. It was set aside for the purpose of providing a sanctuary for the wood buffalo. In more recent years some buffalo from the prairies have been moved to that park. It is really a game sanctuary, located in the northern part of Alberta and, to the extent of roughly one-third, in the Northwest Territories.

Mr. PELLETIER: I mentioned a moment ago the desire of British Columbia to acquire more northern territory. That brings to mind an agitation which has been going on in parts of northern Alberta and northern British Columbia to form a new province in certain areas of those two provinces and to include in that new province certain parts of the Northwest Territories. I understand that petitions have been forwarded to the government and resolutions have been passed by various boards of trade advocating such a project. Would the minister tell us how far negotiations have gone and exactly how much there is to this agitation to form a new province by taking parts of northern Alberta, northern British Columbia and a part of the Northwest Territories? Has the matter been brought to the attention of the government? What action has been taken or what consideration is the government giving to a scheme of that kind?

Mr. CRERAR: Some petitions may have gone to the Prime Minister's office. I do not recall that any came to the Department of Mines and Resources. As my hon. friend is, of course, aware, governments receive petitions and resolutions on all sorts of questions. I am aware only through the press that there has been some discussion in part of Alberta emphasizing the importance and desirability of creating a new province in that part of Canada. I would doubt if the circumstances are such as to warrant the greatly increased expenditure which such an undertaking would involve. All I can say is that I am certain that no negotiations have taken

place, although I should think it possible that some petitions or resolutions may have found their way to the office of some department of government.

Mr. PELLETIER: I quite agree with the minister. My opinion is that we have a sufficient number of governments in Canada at the present time without creating any more: We have enough taxing bodies, without adding devices to increase taxation. I do admit, however, that eventually, when development has progressed, the time may come when such a new division of territory will be required in Canada for the purposes of administration. But what I wanted to know from the minister was if there were any official negotiations, and I understand there are none—simply resolutions passed by various organizations demanding consideration of this problem. I agree with the minister that perhaps it is a matter for future consideration, but that at the present time the country has not developed sufficiently to justify consideration of the formation of a new province in that part of Canada.

Mr. CRERAR: Of course no such step could be taken without legislation passed by this parliament. Whenever the time comes, if it is ever considered, it will have to be approved by parliament.

Mr. PELLETIER: To put the matter simply, there has been no official communication to that effect?

Mr. CRERAR: No.

Mr. STIRLING: Have the Eskimos begun yet to make use of the reindeer for food and clothing?

Mr. CRERAR: Yes. The reports that we get of the value of the reindeer quite support the view which was held when they were originally introduced to that part of the Northwest Territories. They are providing not only food but clothing. Consideration is being given to providing some of the more advanced Eskimos with a few head of reindeer with a view to domesticating the animals, as has happened in certain parts of Europe.

Mr. STIRLING: That was the idea originally, was it not?

Mr. CRERAR: I do not know that any concrete steps have yet been taken with regard to it. I understand that a small experiment is to be carried on in that direction this year. We are using the Eskimo wherever possible in herding the deer and looking after them, and in that way they are getting an acquaintanceship with them which, we hope, ultimately will bring about a condition whereunder the Eskimos will have their own small herds and be dependent upon them. Not only can they get food and clothing by this means, but they probably can use them for transportation purposes, as they are used, I believe, in Lapland.

Mr. STIRLING: Are the reindeer being allowed to spread and breed and so populate the areas further north?

Mr. CRERAR: No, up to the present time they have all been kept in herd. That has to be done in order to protect them from the wolves, and to build up the herd.

Mr. PERLEY: I wish to bring to the attention of the minister a request which I have had from the young men's section of the Saskatoon board of trade to convey to the government their desire to retain a certain wild life exhibit in Prince Albert national park. I can place the case before the minister best by reading a letter I have received from the young men's section of the Saskatoon board of trade. It is addressed to myself and is as follows:

> This exhibit is of great educational value and has proven an outstanding attraction for tourists and visitors to the park. We understand that Mr. Lund has received offers for his exhibit from United States interests and we believe that if no action to retain it is taken by the dominion government, it will be lost to Canada.
>
> We feel that the dominion government should consider, as part of their policy to build museums throughout Canada, the possibility of constructing a building at the Prince Albert national park. Arrangements could be made with Mr. Lund for his exhibit and for himself to act as curator.
>
> If this suggestion is carried out, the exhibit could be moved for the winter months to some larger centre in Saskatchewan for the benefit of winter visitors.
>
> We strongly protest the action taken in asking Mr. Lund to remove his exhibit from the park and would greatly appreciate any assistance you may be able to give to have this fine exhibit retained in Canada and in Saskatchewan.

Can the minister give us any information with regard to this matter? Would they consider retaining that exhibit? It seems to be of great value from the tourist point of view.

Mr. CRERAR: The information in the letter read by my hon. friend is not quite correct. Mr. Lund was not asked to remove the exhibit from the park. There were some negotiations with him with regard to the amount of money he should receive. The park officials thought the consideration he was asking was rather large, and, of course, if they had been unable to get together the exhibit would have been removed. But arrangements have been made with Mr. Lund

to leave the exhibit in the park on the same terms as last year. The matter will be before me probably to-morrow, I am advised by my officials, and the arrangement will be carried through on that basis. The exhibit will remain in the park on the same basis as last year. There was no request to Mr. Lund to remove it from the park. I wish to make that very clear. There was a difference as to the amount of consideration that Mr. Lund thought he was entitled to, but that has been smoothed out in the way I have indicated.

Mr. PERLEY: My letter is dated May 3.

Mr. CRERAR: That probably explains it.

Mr. HAYHURST: How many reindeer are in the Northwest Territories at the present time and what success has been achieved?

Mr. CRERAR: Will the hon. member be good enough to speak louder. There is a lot of talking going on.

The CHAIRMAN: Order. I would request that there be less talking among hon: members. It is difficult to hear those who are speaking.

Mr. HAYHURST: I was asking whether the minister could tell us the number of reindeer in the Northwest Territories at the present time.

Mr. CRERAR: A few months ago on the last report there were over 4,000. When they were brought into the region east of the Mackenzie delta there were 2,300 odd in the herd and that has increased now, according to the last report, to something over 4,000. The fawning season is on now.

Mr. CLARKE (Rosedale): Will the minister please give me a breakdown of hospitalization, professional and other special services, grants to schools, assistance to industrial homes, $54,810? What does "professional and other special services" mean? Would that be medical and dental services?

Mr. CRERAR: These are the figures for Anglican missions: Hospitals, $13,245; day schools, $1,537—I am giving only the dollars—residential schools, $9,137, a total of $23,919. For the Roman Catholic missions in the western Arctic: hospitals, $10,877; day schools, $1,750; residential schools, $10,360, or a total of $22,987. There is just a little less than $1,000 difference in the amounts contributed under the various headings to the Church of England and the Roman Catholic missions.

Mr. PELLETIER: There has been a great deal of development in the mining areas in the Northwest Territories in recent years, and one of the great difficulties is the matter of hospitalization and medical assistance. I know that the government has been kind enough to give grants to various institutions that are carrying on that work; nevertheless the minister will undoubtedly agree with me that with the intensive development of the Northwest Territories additional hospitalization should be provided. Conditions in that part of Canada are not as elsewhere. The people are situated many hundreds of miles from any medical assistance whatever, and because of the value which northern mining has added to Canada's wealth I believe it is a matter which the department should seriously consider. Perhaps the minister would give an outline of present hospitalization plans which are fostered by the department in the Northwest Territories, at what places they are functioning, and the services they are rendering.

Mr. CRERAR: It is rather difficult to give any precise information at the moment. Mining development in the Northwest Territories is taking place of course, in the Great Bear Lake region where the Eldorado mines operate, and to the north of Great Slave lake in what is known as the Yellowknife country. The Eldorado mines have their own doctor at the mine and a small hospital with a few beds to look after those who may be suffering illness. That service, however, is confined almost entirely to their own employees. Outside that, the population in that particular area is small. When we come to the Slave lake country we find that development is only in its initial stages. The question is being studied by the officers and the council of the Northwest Territories administration, to make provision for what may be necessary in that regard. We aim to get the administration of these things on the most efficient basis possible. We are trying to plan a little ahead.

Mr. PELLETIER: The policy of the department in the past I believe has been to provide hospitalization for the Indians and the Eskimo in the northern part of the country by giving assistance to various missions. I commend the government for that. But I point out that times are changing, mining development is increasing, and now there are others in that country who perhaps have a claim on the department for additional assistance so far as hospitals and medical service are concerned. Some mining companies maintain their own doctors, who can render assistance in case of emergency; nevertheless in order to encourage development and take care of the people coming into the north country, including the increasing number

of prospectors who go in on their own, not for any company, facilities should be provided at certain points. I believe at present there is an opening for a doctor attached to the Northwest Territories administration. Does the department intend to fill that position? Instead of curtailing the services the department should realize the increasing needs and enlarge the services it has provided in the past.

Mr. CRERAR: We do not ourselves operate hospitals in the Northwest Territories; they are built either by the Anglican or by the Roman Catholic missions. In some cases we give a grant to assist in construction. For Indian patients and indigents who receive treatment in the hospitals we pay a per diem charge to the hospital. It is probable that a doctor will be appointed to the Fort Norman district before very long; the matter is now under consideration.

Mr. HANSELL: Does the construction and maintenance of highways in the national parks come under this item?

Mr. CRERAR: It comes under a later item.

Mr. PERLEY: Who makes the appointments in the national parks? Are they generally made through the recommendation of private members?

Mr. CRERAR: Practically all the appointments on the clerical and engineering staffs and that sort of thing are under the civil service commission certification. The expenditures under special supplementary estimates, and prior to that under the Public Works Construction Act of the late government, were exempt from the civil service commission's jurisdiction. Then there is another class, the labourers in the parks, who are not under the civil service commission. I can assure my hon. friend that we endeavour always to get the most capable men we can.

Mr. PERLEY: But who makes the appointments?

Mr. CRERAR: The appointments are made in the way they have been made for many years past. They are made by the superintendents and by the engineers.

Mr. BARBER: Are they not made by the minister?

Mr. CRERAR: Sometimes on the approval of the minister, but I can assure my hon. friend that the practice in that respect is precisely what it was before.

Mr. PERLEY: Does the recommendation of a private member go very far?

Mr. CRERAR: Sometimes it is considered.

Mr. PERLEY: I think I have evidence that the private member's recommendation does not go very far. I have here a photograph of a letter signed by an hon. member of this house. It is dated April 8, 1937, addressed to Fred Duval, and reads as follows:

Dear Fred:

I have your letter of recent date re a position in the national park.

In reply, may I say that the only way you can get a position in the national park is to be recommended by the Prince Albert federal Liberal executive. I cannot see why anyone writes to any of the federal members of Saskatchewan about a position in Prince Albert national park when there has not been one position given in the park outside of the Prince Albert riding since it was started. Any person who tells you that anything else is different is just "passing the buck." That is all. Will you kindly go to the president of the federal Liberal executive of Prince Albert and take up the matter with him to see what can be done. That is the only way action can be got.

An hon. MEMBER: Who signed that?

Mr. PERLEY: It is signed "Cameron R. McIntosh."

Mr. CRERAR: I have no doubt that my hon. friend will place that in his archives and look at it occasionally with some satisfaction. I know nothing of the letter; this is the first time I have heard of it. But I repeat what I said a moment ago, which is as patent to the hon. member as to many other hon. members of the house, that the appointments in Prince Albert park are made in precisely the same way as they were made during the regime of the late government. In fact I would say there has been a substantial improvement as to the methods.

Mr. SPENCE: More Liberal appointments now.

Mr. CRERAR: No, no. This question may have its lighter aspects, but probably no one knows better than the hon. member for Qu'Appelle (Mr. Perley) the procedure which has usually obtained in these appointments. We do aim as far as possible to get those who are unemployed, and to the best of my knowledge there has not been discrimination in that respect.

Mr. PERLEY: This letter just sets out the procedure in getting appointments. Possibly some Liberal members from Saskatchewan can say how they are making out when they make recommendations.

Mr. MacNEIL: To what extent has it been possible under that method of making appointments to maintain the preference for ex-service men?

Mr. CRERAR: As far as my knowledge goes that preference has been maintained.

Mr. STEWART: The minister I am sure will forgive me if I again remind him of the importance of establishing a national park on the Thousand islands in the St. Lawrence river adjacent to the fine new international bridge that is being constructed there, and which will be opened in August. I cannot add much to what I have already said in that connection. The attraction in connection with the tourist traffic cannot be over-emphasized. A very large proportion of the population of the United States and Canada is situated within three hundred miles of this bridge, which will be about eight miles long from one bridgehead to the other. In that eight miles is of course included a considerable mileage of highway, there being five or six spans in the bridge. Representations have been made to the minister, I know, from different sources in this connection, and the one thing I do urge upon him is prompt action in connection with the securing of Hill island as part of this park. It has been recommended that a number of other islands be secured also.

Mr. CRERAR: Who owns that island?

Mr. STEWART: It is used as farm land. There are no very valuable houses on it; the assessment is low; the valuation cannot be very high, but in the meantime interests may be created, purchases may take place that will make the acquisition of that land a more expensive matter than at the present time. If this property is to be preserved from commercialization for undesirable purposes, this very beautiful bit of scenery in the heart of the Thousand islands, it is absolutely necessary that some action be taken, and I suggest that the minister consider the matter.

I am aware that in the main the policy of the department is that the provinces acquire the land to be used for national parks, and turn it over to the dominion, but a return was brought down showing that in several cases land has been expropriated directly by the dominion government for park purposes. This return is sessional paper No. 242, brought down on April 25, 1938. The question was whether the dominion government has purchased or acquired by expropriation any lands for public park purposes since the year 1900; if so, what lands were purchased, where they were located and what price or compensation was paid for them in each case. That return covers nearly two pages and shows that in a number of cases the government has expropriated land, thus making an exception to the general rule that the land must be acquired by the provinces and turned over to the dominion. Land has been acquired in the Riding Mountain park for that purpose. In Georgian bay twenty-nine islands were purchased at a cost of $30,000. Then in the same area, I think, there was an exchange of land for other land. Land was purchased for the national historic park area at Louisburg in Nova Scotia at a cost of $23,250. At Banff national park lands were acquired in exchange; at Buffalo park and Elk island land was purchased costing $4,000. Then in British Columbia, in the Kootenay district, land was expropriated, and in the St. Lawrence area islands have been acquired from the Indian department. I understand, and in fact I know, that the policy of the government has been that islands in the St. Lawrence are preserved for park purposes, and inasmuch as Hill island was originally, as I recall it, the property of the dominion and was sold by the dominion, possibly being Indian land, I suggest that there is perhaps a little additional obligation on the dominion to contribute to the establishment of this park.

The minister has promised to go with one or two of his colleagues in the near future and look over the situation. I hope when he does so he will be favourably impressed, and in the meantime I urge that he consider the wisdom, almost the necessity, of issuing notice of expropriation in connection with this one island. There is not so much hurry about the others, not so much danger that they may be commercialized or that values will increase by any transfers that may be made in the meantime anticipating that ultimately the government will acquire the land for park purposes.

Mr. CRERAR: The point my hon. friend raises is rather interesting. Of course the practice has been that in connection with what are really national park areas the provincial governments supply the land that is to be converted into the national parks. So far as I am aware there have been no exceptions to that rule in the strict sense. My hon. friend has cited some instances from a report brought down in the house earlier this session. In western Canada, for instance, I know of several parks that are under the administration of the national parks branch which really were secured as wild animal sanctuaries. For example, when the small herd of buffalo were brought back to Canada from Montana in order to preserve that distinctly national animal in this country, an area was set aside at Wainwright; but that was wholly a dominion government undertaking. Strictly speaking Wainwright, and Elk island as well, are not national parks in the

real sense of the word; rather they are sanctuaries for the perpetuation and maintenance of certain types of animals which otherwise might become extinct. I have not the particulars of the other cases at the moment, but probably some equally good explanation would be available as to why the federal government spent money to acquire either new areas or additions to existing parks. Some of these matters really had to do with Indian lands, I think.

If the principle were adopted in this particular case—and I am not urging this at the moment as a reason for saying "no" to my hon. friend's request—the question would be raised at once in other parts of Canada. For instance, at the present moment New Brunswick is studying the question of recommending a suitable area in that province to the general parks administration. A few years ago Nova Scotia spent a very considerable sum of money in acquiring an area which could be turned over for development as a national park, and I think we have to adhere pretty strictly to that principle. Under that rule in practice, quite obviously if the area to which my hon. friend refers is desirable for national park purposes it should be secured by the government of Ontario.

As my hon. friend probably knows, we have a number of islands in the St. Lawrence river at the present time, a dozen or so, which constitute a national park, and I understand the request to be that Hill island be secured and added to those we already have. I propose along with one or two of my colleagues, if I can induce them to go with me, to visit that district just as soon as we can get a little relaxation from the strenuous work of the house. It is my intention personally to examine the problems the hon. member has raised.

Mr. STEWART: With further reference to the suggestion that the province should acquire land for this purpose, I wish to point out that a new highway is being constructed for a good many miles along the river front, leaving a narrow fringe of what is really park land between the highway and the river. I understand that the provincial government is going to acquire and set apart that fringe for just this very purpose, namely to prevent commercialization and the destruction of natural scenery. That would be the provincial contribution. Under these circumstances I believe I might very fairly urge that the dominion make a similar contribution.

The return to which I have referred reveals that fourteen islands in the St. Lawrence between Brockville and Kingston were acquired in 1904. There is an acreage shown of 180·8, and an expropriation and purchase price of $9,150. I know these are the islands to which the minister refers as having been set apart for park purposes. Pavilions and small wharves have been established upon them; they are open and accessible to the public and are very much appreciated. A great number of people use them.

I find another item with respect to twenty-nine islands in Georgian bay, acquired in 1929. Those islands had an acreage of 2,959·47 and a purchase price of $30,205. I am not familiar with the Georgian bay islands, but I do know that the islands in the St. Lawrence are suitable only for park purposes. They are not game preserves, or anything of that kind, but are connected with the tourist business, a business which all governments are seeking to promote and develop. The federal government has placed great emphasis upon the value of that business.

I am glad to learn the minister intends to make the trip in the near future, because I am sure nothing but a visit to the place will give him a proper conception of the situation. I trust when he does go and has an opportunity to review the whole situation he will be convinced that in the interests of the dominion, and following the precedent which has been set in other cases, there is justification for acquiring at least this one island. Representations have been made that many of the islands should be acquired, and that course is no doubt desirable; but for the present Hill island is the one which should be kept in mind. Steps should be taken to prevent an artificial increase in value between now and the time the government takes it over. I say that because I am sure some government will take it over.

While the general policy is that the province should provide park sites, this case is exceptional. We know that the St. Lawrence river is exceptional in that it is an international stream. The federal government has acquired islands in circumstances similar to these. I am informed the government of the United States is doing something along the same line on the part of the highway which is in that country. Some of the islands desirable for the same purpose are located in the United States. I am assured that the proper authorities in that country are taking steps to establish these islands as national parks, and have indicated a willingness to cooperate with the dominion government in that connection.

I thank the minister for his promise to visit the area, and I am hopeful that when he does understand the whole situation he will become convinced that while it may be

necessary to make an exception, action here similar to that taken in connection with other islands in the St. Lawrence and in Georgian bay would be justified.

Mr. CRERAR: I appreciate what the hon. member has said, and would add for the information of the committee that the islands to which he referred in the St. Lawrence river and in Georgian bay were held by the Indians, and in effect there were transfers from the Indians to a government department. They were not acquired from private interests, according to the advice I have received. I assure the hon. member I will give consideration to the representations he has made.

Mr. STEWART: My only reason for making the statement was that in the return I find the expression "expropriation and purchase"; the word "purchase" is used.

Mr. CRERAR: Of course a sum of money had to be paid to the Indians.

Mr. STEWART: Exactly, although I do not know that that makes much difference.

Mr. STIRLING: The road at the east side of the Big Bend highway on the Columbia river was built by the dominion government because that road lay within the park. To what point is the public allowed to drive cars? Is the bridge erected at the north, where the Canoe river comes in?

Mr. CRERAR: Yes.

Mr. STIRLING: How far can the tourists drive north, across the river and then south?

Mr. CRERAR: I cannot give the precise distance.

Mr. STEVENS: About ninety miles.

Mr. CRERAR: I should think a tourist might go ten or fifteen miles.

Mr. STEVENS: More than that.

Mr. STIRLING: From the north?

Mr. CRERAR: From where the bridge crosses the river at the extreme northern point. That is more or less a guess on my part. Part of the road which is under construction tourists are not encouraged to use. But I can assure the hon. member that from Donald to Canoe river the road is in first class condition. I have been over it myself. May I call the attention of the committee to the fact that we have before us the item respecting the administration of the Northwest Territories. There are several other items under which parks administration could be discussed.

[Mr. Stewart.]

Mr. HAYHURST: Has the government under consideration the addition of Cooking Lake forest reserve to the Elk Island national park?

Mr. CRERAR: I understand some discussion in that connection has taken place with the responsible minister in Alberta.

Item agreed to.

Eastern Arctic expedition, $27,000.

Mr. NEILL: Perhaps the minister would tell us what is to be done in the eastern Arctic?

Mr. CRERAR: This item concerns chiefly the Royal Canadian Mounted Police posts maintained in the far north to exercise our sovereignty over the country. The Hudson's Bay Company take in supplies to the eastern Arctic every year, and we have an arrangement with them whereby the supplies to be sent in for the mounted police, for hospitals, for scientific expeditions and scientific purposes, are carried on the Hudson's Bay Company's boat. The arrangement is one that we consider quite satisfactory for the government. This item is practically all for that purpose.

Mr. STEVENS: Would the minister give the assurance that there is no effective challenge of Canada's sovereignty over that vast northern area? I ask the question because we frequently see in periodicals of other countries reference to expeditions, the language of which would indicate that they consider that territory as open, not attached to any country, whereas my understanding is that Canada claims full sovereignty over the area lying in the Arctic north of Canada. It is a subject that I think should not be allowed to drift, and a frank declaration from the minister now would not be harmful. I have no desire to criticize or to press the matter further than to request a statement from the minister.

Mr. CRERAR: I know of no challenge that has been made to Canada's occupancy or ownership of the whole area lying to the north. Certainly when any person from any other country desires to fly over that area or visit it, the permission of the Canadian government is first asked. The principles upon which sovereignty has been claimed over the area in the remote north which may not have been visited by man, say between the northern shores of Baffin Land and the pole, have been fairly clearly established in international usage, and under those principles, according to the advice that is given to me, Canada's position in regard to this

area can, I think, be regarded as secure. Certainly at the present time no challenge has been made so far as I am aware to our right of occupancy and ownership of the area in question.

Mr. STEVENS: Is Wrangel island in Canadian territory?

Mr. CRERAR: No, Wrangel island is Russian territory.

Mr. STEVENS: We have admitted that?

Mr. CRERAR: I am advised that we never claimed it.

Mr. TAYLOR (Nanaimo): Would the minister state whether any new occupancy is being entered upon by the northwest mounted police?

Mr. CRERAR: There is a police post at Craig harbour on Ellesmere island; Bache peninsula port was the most northerly that has been established, although they have been further north than that, I am advised, and planted a flag or erected a mound or something of the kind on that territory. I think our possession of the territory is pretty clearly established. We have some mounted police there; my colleague the Minister of Justice tells me that they always carry out their duties very thoroughly and completely, and I have no doubt that our interests are fully protected.

Mr. TAYLOR (Nanaimo): The point is whether you consider the occupation complete enough to justify yourself in the minds of other governments.

Mr. CRERAR: I think the fact that they apply to us for permission to go into or fly over the territory is a recognition of our sovereignty. When the Russian flyers, for example, came over the North Pole and succeeded in getting as far as California, and another expedition that was lost last August, I think it was, wished to fly over that territory, they applied in both cases to the Canadian government for permission, which I would consider a more or less formal recognition of our rights in this region.

Mr. TAYLOR (Nanaimo): Do our friends to the south also ask the same privilege?

Mr. CRERAR: Oh, yes.

Mr. STIRLING: Is there not international recognition of the fact that we have a sort of sovereignty over the triangle bounded by the Alaska-Yukon line, continued to the pole, and then to the west coast of Greenland? Is not that internationally accepted?

Mr. CRERAR: Yes. What is known as the sector principle, in the determination of these areas is now very generally recognized, and on the basis of that principle as well our sovereignty extends right to the pole within the limits of the sector. My own view is that our supremacy there is established to a point where it could not be successfully challenged by any other country. I do not know that I can add anything further.

Item agreed to.

Government of the Yukon territory: administration, $48,000.

Mr. NEILL: Mr. Chairman, I do not want to embarrass the government or delay the estimates but I should like to seek information as to the method employed or that should be employed in connection with the proposed transfer of the Yukon to the British Columbia government. The correspondence was brought down in the house, and while I have not it before me at the moment my recollection is that it consisted of one or two quite casual letters between the premier of British Columbia and the minister, dealing with the matter very much along the line that might be followed by a man buying a city lot. One man asks the other how much he will pay for it, and the other man says that is not enough, then there were some negotiations, and finally they agreed to take over the Yukon, as I said, like a man buying a city lot. Is there no custom of law or comity of nations by which the people are consulted when their territory is handed over to another jurisdiction? I cannot find from my observation in British Columbia that the province wanted the Yukon, and there is considerable evidence that the Yukon does not want us. Are not the common people, who after all are the people concerned, to be consulted before anything like that goes through? What is the situation?

Mr. CRERAR: My hon. friend is aware that no transfer of the Yukon to British Columbia can take place without appropriate legislation by this parliament and appropriate legislation by the legislature of British Columbia. The matter is not terminated with the exchange of letters that was tabled in the house some time ago. As I recall now, and I think I am correct, the suggestion was made that the matter might rest until after the Rowell commission had reported. I do not recall whether it is in the correspondence or not. The premier of British Columbia has made the suggestion that British Columbia should be extended eastward to take in part of the present Mackenzie river basin. However, so

far as the people being consulted is concerned, they would be consulted in the way that they are consulted in respect of any legislation passing through either this house or the legislature of British Columbia; that is, before the transfer could be effective, legislation would be required not only in the federal parliament but in the legislature of British Columbia.

Mr. NEILL: There did not appear in the correspondence any evidence of consulting anybody. It cannot be sold off like a sack or a ton of coals. It was said, "For a fixed sum you can have the Yukon." There was no suggestion about any local jurisdiction in the Yukon, for instance. It seems as though two hon. members got together and the one sold the property and the other agreed to take it over for a lump sum.

Mr. CRERAR: I can assure my hon. friend that it was not so casual as that. The plain fact of the matter is, of course, that any arrangement which might be entered into between the federal government and the government of British Columbia could not be made effective until the appropriate legislation had been passed in both jurisdictions.

Mr. NEILL: And would the Yukon council be consulted?

Mr. CRERAR: Not necessarily.

Mr. NEILL: "Not necessarily"?

Mr. CRERAR: No.

Mr. NEILL: Well then, where do the people's rights come in?

Mr. CRERAR: I beg the hon. member's pardon?

Mr. NEILL: Where do the people's rights come in?

Mr. CRERAR: Well, that is a question. While my hon. friend says they might not be consulted—

Mr. STIRLING: The minister said that.

Mr. CRERAR: —I say that any representations made by the Yukon council or any other interest in the Yukon would be given full consideration. But if the hon. member meant his question to imply that their consent was necessary, then I say it would not be required.

Mr. NEILL: I hope we won't wake up some morning and find you have traded off British Columbia to the States without our knowing anything about it.

Mr. CRERAR: I can assure my hon. friend that should there be any project of that kind he will have plenty of notice so that there will be opportunity to raise a protest.

[Mr. Crerar.]

Mr. STEVENS: Now that the question has been raised regarding even any remote consideration of the taking over or absorption of the Yukon into the province of British Columbia, I certainly wish to register a very strong protest against the matter being advanced to any great extent without its being fully discussed in parliament—I mean, in advance of legislation. Because if the government of the dominion and the government of British Columbia come to a definite understanding and each one presents a bill before its legislature, obviously the government stands or falls by the passage of that bill.

Mr. NEILL: Hear, hear.

Mr. STEVENS: The whole subject then becomes merely a question of the government securing the support of its partisans in the House of Commons, which is an entirely wrong basis upon which a matter of this kind should be considered or discussed. I am disturbed by the answers the minister has given about the paucity of discussion or consultation; therefore, I wish to say a few words on the subject at this time.

In the first place the administration of the Yukon over the years, and certainly for a great many years past, has been marked by a degree of efficiency and economy which is highly commendable. In a sense it is a small thing for the dominion, and the department might conclude that if they could shuffle it off upon some other authority they would be pleased to do it. But that is not the way in which the matter should be approached. The fact remains that there has been effective, sane and economic administration of Yukon affairs. While it is remote, it is a part of the country which has very considerable significance. In the past it has produced much wealth, and as the years go by and the movement is northward, as all who are acquainted with western and indeed general Canadian problems expect it to be, the Yukon will become more and more important. Its wealth possibilities are considerable, and not only in respect of minerals. The experiments which are being carried on by the United States, although in their initial stages they may not be wholly successful, indicate the existence of other possibilities.

The other side of the picture is this: British Columbia is an exceedingly large province, and that section of it, constituting at least half, which lies north of the Canadian National Railway is very sparsely developed. It is now entering upon an era of development, and so far as the province is concerned it has a vast territory of new country where it can expand its energies, and its surplus wealth

if it has any, and its powers of administration. In my opinion there are no sound economic reasons for the amalgamation at the present time of the Yukon and British Columbia. The other side, the human side of the story, ought to be considered. In the last forty years or more there has grown up in the Yukon a population which, although small in comparison to the rest of the country, has its rights, its peculiar sentiments and attachments, and certainly should not be disturbed unless it so wishes. The opportunity of handing over a comparatively small responsibility, administratively speaking, to the province should not be a determining factor. The determining factors should be economic advantage, whether economies can be made, and most important of all whether the people of the Yukon themselves desire it.

The Yukon is not a burden upon this country. The idea that it is has, in my belief, no foundation. It has produced a tremendous amount of wealth and will produce a great deal more. May I add that the officials, not only those who are carrying on at this time but those who for many years back have been attached, here in Ottawa, to the Yukon administration, and Yukon councils past and present, deserve a measure of commendation for their administrative work.

It would be most unfortunate and unfair if the question should be approached in the way indicated in the correspondence cited by the hon. member for Comox-Alberni (Mr. Neill).

Mrs. BLACK: I wish to thank the last speaker (Mr. Stevens) for his very kind words. Naturally this is a subject about which I feel very keenly, having resided in that territory for forty years this month. There has been, as the hon. member who last spoke pointed out, a mistaken idea that the Yukon has been a burden to this country. It is not so. I have seen year after year in the estimates certain parts of the expenses of British Columbia lumped in with the expenses of the Yukon—for instance, the telegraph line. The telegraph line in the Yukon begins midway between Atlin and White Horse, but we pay for the telegraph line in that vast hinterland of British Columbia. For the last forty years we in the Yukon have had almost no crime. People who come from the coast in British Columbia, reading their papers as they are published day after day, will see reports of horrible crimes committed by boys and girls ranging from twelve to twenty years. We have nothing of that sort in the Yukon. Our children are put to work. They have to work or they go hungry; that is all there is to it. The boys and girls born in that country know that they have to work for their living, if they do nothing but shoot game in the winter for the family table. In that way they learn to be self-reliant. Those of us who are in the Yukon, if there were a thought of annexation with some province that carried itself, that was not head over heels in debt, might feel interested. But I should like to know what we have to gain when somebody comes and says, "We will take you over so that you can clear off part of our debt." You do not see that in ordinary business life and certainly we do not want it in the life of our great northern country.

We have no fault to find with government as it is carried on in the north. We have had no complaints since the early days when the Yukon was so far out of the world that people who went there thought that they could do almost anything. Government has been carried on decently and honestly and as economically as possible. In the early days we went in over the trail on foot. We climbed those mountains and came down the waters of the lakes and rivers and went down in small boats. We became self-reliant. We knew what it was to get along without many of the amenities of so-called civilized life, and our children who live there now, though they may have the benefit of electricity and running water, still know that they must carry on as their parents did if they wish to accomplish anything in life.

As I have said so many times before, if we are only let alone to work out our own salvation we shall be a credit to the government of Canada as we have been in the past. We shall take pride in our government, I do not care on which side it sits. We simply want to work out our own salvation with the very small amount of help that we have had for many years. Individually we may not care for those who are administering the territory at this time, or that time, or at some other time; but no matter what our personal feeling is I am free to stand here and say that as far as humanly possible the administration of the territory, whether under Liberal or under Conservative government, has been decent, fair, square and honest. All I ask of the government is that they allow it to remain so, and not to trade us to any province that is head over heels in debt.

Mr. GREEN: What is the attitude of the dominion government, as the governmental body in charge of the Yukon, towards the proposal to build a highway from the state of Washington to Alaska?

Mr. CRERAR: I do not know that we have any particular views on that question. It is regarded as a British Columbia matter. I suppose if British Columbia can borrow money, and wants to build a highway through the province with the cash it gets, that is its affair, and I do not think the federal government would have any right to intervene.

Mr. STEVENS: Would not the federal government have a right to intervene if the money were supplied by and in agreement with a foreign country?

Mr. CRERAR: I did not refer to money being supplied by a foreign country. I presume that if British Columbia borrowed money in a foreign country in the ordinary way it would be their money to do with as they pleased.

Mr. STEVENS: It would not be in the ordinary way.

Mr. GREEN: What about the Yukon? The road would have to go through the Yukon, and so far as the Yukon is concerned that is of concern to the dominion government. What would be the attitude of the dominion government towards such a road being built through the Yukon?

Mr. CRERAR: If the British Columbia government wished to build a road through a small part of the Yukon to reach its ultimate end, I do not think any question would be raised about that.

Mr. GREEN: Would the dominion government be willing to cooperate in the building of such a road through the Yukon?

Mr. CRERAR: That is a question of government policy and I am sure my hon. friend does not expect me to reply to it.

Mr. GREEN: The minister said he would be willing to allow British Columbia to build the road.

Mr. CRERAR: I said that if British Columbia went into the money market and borrowed money to build a road from the southern to the northern boundary of the province, that would be British Columbia's affair, not ours.

Mr. GREEN: Even if it were a military road?

Mr. CRERAR: I cannot conceive why British Columbia would be building a military road. They would be building what is termed the Alaska highway.

Mr. GREEN: Can the minister conceive why the Americans would want to build a military highway?

[Mr. Green.]

Mr. CRERAR: That is another question upon which I have no opinion to express. It is a question of public policy which is not germane to the discussion of the estimate before us.

Mr. GREEN: The sum and substance of it is that so far as the Yukon's part in such a highway is concerned, the dominion knows nothing about the plan, has not had it under consideration, and has no ideas at all. Is that correct?

Mr. CRERAR: Speaking for myself, all I know about the matter is what I have seen in the newspapers. I can assure my hon. friend that the federal government is not considering the expenditure involved in the building of a highway through British Columbia to the Yukon, or in the Yukon section of it, for that matter. If I were to hint at such a thing, even in the most remote manner, the Minister of Finance would demand my head on a charger at once; consequently I can assure the hon. gentleman that the government is not considering the possibility of embarking on that enterprise.

Mr. FINN: I was very much interested in the remarks of the hon. member for the Yukon (Mrs. Black). When the matter was once up in the house before—it was in the house, not in committee—I expressed the hope that, the occasion being Mrs. Black's birthday, she would long live to represent the Yukon in this house, and I very much regret to hear that she has made up her mind that she will not sit for the Yukon after this parliamentary term. I hope that decision is not irrevocable.

The absorption of the Yukon territory by British Columbia is not a matter for British Columbia alone; it is a matter for all the provinces of Canada, and one that would have to be considered by the government of Canada in relation to all the provinces. When the two new provinces of Alberta and Saskatchewan were carved out, they were carved out of public domain that belonged to the whole of Canada, and the development from east to west has come up to expectations so far as the problem of transportation through the provinces to the coast is concerned. When the Yukon is tired of governing itself it should have something to say about the matter. I would add that when the people there are tired of self-government they should hand back that territory to be part of the public domain of Canada. We in the maritimes were not adjacent to any of this territory in the west, formerly part of the federal domain, out of which the great provinces of Alberta and Saskatchewan were carved, or

the hinterland given to Ontario, or that strip of country extending up to Hudson bay given to Manitoba, or that country rich in timber and water powers, Ungava, given to the province of Quebec. We had to sit by and keep our hands in our pockets for fear that what little we had might be extracted at the same time. We do not desire a further condition of that kind to arise. We hope the hon. member for the Yukon will come back representing the Yukon. Let them hand the land back to Canada as part of the public domain, and then this parliament will decide what to do in the light of the respective interests of all the provinces.

Item agreed to.

Dominion forest service—general scientific, economic and administrative services, $131,660.

Mr. SPENCE: Why is there a large increase in this item?

Mr. CRERAR: Last year part of the expense under this vote was in special supplementaries; this year it is included in the main vote. The combined total last year was a little in excess of the amount in the main estimate which we are considering at the moment.

Mr. ROSS (St. Paul's): Has this forestry service any control over the forests of the provinces? For instance in connection with the importance of forests to the watersheds of the country, and the large depletion of pulpwood in Ontario, is there any control over the cutting down of trees by the department, or over the export of raw pulpwood from Ontario?

Mr. CRERAR: The provinces control their resources and consequently control the timber. But there have been five areas set aside where forestry experimental work is carried on under this department. In addition certain national parks are of considerable area and contain substantial forests. However the forest resources of a commercial kind are in the main under the control of the provinces. I understand they are at liberty to permit the export of pulp made from the wood cut in these forests if they wish. As far as I am aware no restriction has been put upon them in that respect.

Mr. ROSS (St. Paul's): Can the minister tell the committee how long the pulpwood resources of Ontario will last at the present rate of depletion?

Mr. CRERAR: I am sorry I cannot give that information.

Mr. ROSS (St. Paul's): The Canada Year Book says that the depletion of the forests of Canada is about four billion cubic feet per annum. Has the minister any idea what the annual increase is? Is it true that we are cutting down in Canada about seventy years' growth for every year's growth that we replace?

Mr. CRERAR: I do not know how accurate that estimate of annual depletion is. The total depletion each year, including that cut and that destroyed by fire and insects, and particularly the annual increment, are very difficult to determine.

Mr. ROSS (St. Paul's): Is it not very important to Canada to know with fair accuracy what the depletion of our pulpwood is? We have mills dependent on the supply; we are at present exporting raw pulpwood to the United States to be manufactured into paper in competition with that produced in this country. Is there no way we can find that out?

Mr. CRERAR: The total annual depletion, caused by cutting, fire and insects, and timber past maturity and merchantable condition through age, has been estimated at about 3,800 million cubic feet. I do not see here any estimate as to the annual increment.

Mr. ROSS (St. Paul's): Closely connected with the depletion of our forests is the effect upon our watersheds and navigable waters. Has the government no control of the forests in that regard? What cooperation is there between the dominion and the provinces with respect to fire prevention activities and generally in connection with the depletion of our forests?

Mr. CRERAR: There is no division of responsibility between the provincial and federal governments either for protection from fire or for protection of watersheds. The timber resources are under the control of the various provinces. We could not go to the provinces of Quebec or British Columbia and say to them: You must administer your forests in such and such fashion. That is outside of our power. As far as fire prevention is concerned the federal government has for several years made a study of fire hazards and the conditions under which the fire hazard increases in our forests. It has been a scientific study, and very useful results have been obtained; so useful, in fact, that the data gathered in this way through our forest experimental work has been made available to provincial governments and also to private companies operating timber limits for the purpose of manufacturing lumber, pulp or the like. In many cases they have

made practical use, with very beneficial results, of the data that we were able to supply as a result of the experimental work done in this way.

The general question raised by my hon. friend is of quite considerable importance. Without doubt there is much destruction by fire each year, and through publicity work of one kind and another we have endeavoured to impress upon the Canadian people the importance of guarding against forest fires. I think I am correct in saying that eighty per cent of the fires that destroy our forests have their origin in the carelessness of some human being. The only way to overcome that, I suppose, or at any rate one way to help overcome it, is by impressing upon the people in every way possible the importance of exercising care if they are travelling through the woods; if they are camping, or if their activities are such that they may be the means of starting a fire in our forests. All that work we are endeavouring to do. We give a grant, as will be noted under a later item, for the purpose of spreading popular education through the Canadian Forestry Association. It is only a small amount, but that association derives some of its support from private sources. In all these ways our department is doing what it can not only to aid the industry but also to create that wider public opinion that will have its effect in lowering the percentage of fires that have their origin in carelessness.

Mr. ROSS (St. Paul's): Cooperation between the federal and provincial governments is most important. There should be strict cooperation among the provinces as well. A fire starting on the border of Ontario might well go into Quebec, so that the closest cooperation is necessary. If it is left a purely provincial matter as between Ontario and Quebec there is a possibility that it might not be taken as seriously by one province as by another; but I congratulate the minister on what has been done.

I should like to ask one more question, with respect to pulpwood. Is it within the competence of the dominion government to prohibit the export of raw pulpwood from Canada?

Mr. POWER: An order in council was passed in 1924, I think, prohibiting the export of pulpwood from private lands; of course we cannot prohibit the export from provincial crown lands. I am not quite sure whether the order in council was ever proclaimed, but as far as I know certainly this house has full authority to prohibit the exportation of pulpwood or logs from private lands.

[Mr. Crerar.]

Mr. REID: I think that information should be given more publicity, because in British Columbia there has been considerable agitation to stop the export of logs from that province; and in debating the question many people hold the belief that it is a matter for the dominion government. Our information this afternoon is that the province of Quebec has the power to prohibit the export of logs and pulpwood, and if that is so I see no reason why British Columbia should not have the same right.

Mr. POWER: Since 1906, there has been a prohibition of the exportation of pulpwood cut from crown lands in the province of Quebec, and that order in council is still in force and effect.

Mr. ROSS (St. Paul's): I should like to draw the attention of the government to the necessity of preserving the pulpwood limits of Canada for the benefit of Canadians. I do not think very much benefit accrues to the individual Canadian by the cutting down of a tree and the shipping of that tree to some other country. I should like the government to look into the question whether or not they have the right to prohibit the export of raw pulpwood from Canada.

I should like to ask another question while I am on my feet. Could the minister tell me the present status of the forest experiment stations, at Petawawa, Kananaskis, Duck Mountain, Valcartier, and the Acadian, the one at Fredericton.

Mr. CRERAR: I do not think I quite get the point of my hon. friend's question. Did he ask what is the status of each of these experimental stations?

Mr. ROSS (St. Paul's): Yes. As the minister knows, the dominion government owns certain lands on which experimentation had been carried on. Is that work being continued and, if so, to what extent, or has it been dropped?

Mr. CRERAR: The work is being carried on at each of these experimental stations. Naturally the conditions in Manitoba vary considerably from the conditions in Ontario. There are different types of trees and so on, and these stations were established originally with the idea of conducting a study that would not overlap as between stations but that would fit together to give a general picture of the value of our forest woods, the best methods of protection, the rapidity of growth under varying conditions, and like matters. That is the type of work that is being carried on at each of these forest experimental stations. The data is gathered

together and compared, and from it very useful conclusions can be drawn. I understand that in some cases these conclusions have had practical value and are being applied by the forest woods industry in its various branches in Canada. These stations vary in size, Petawawa I think being the largest. The one at Petawawa is roughly one hundred square miles; the one at Kananaskis in Alberta is sixty-seven square miles, and the Acadian station in New Brunswick is seventy square miles. The others are smaller.

Mr. ROSS (St. Paul's): The work being done in connection with these experiments is indeed excellent and I should not like to see any lessening of efforts in this direction. I trust the department will bend its efforts towards increasing the work, in view of the depletion of Canada's forests.

Mr. TAYLOR (Nanaimo): Reverting to the question of the export of logs from crown granted lands, I sincerely hope the government and the minister will pay earnest attention to this serious matter. In British Columbia the situation is urgent. The period of availability of logs and timber generally is not more than fifteen years. An extended availability does not exceed twenty-five years. In view of the fact that public opinion in British Columbia is being very strongly awakened, and the further fact that the federal government does have some responsibility and has acknowledged its power to prohibit the export of logs, it seems to me the matter should be taken in hand very early. I say that because one of the greatest areas in British Columbia, one no less than forty square miles in extent is being logged by Japanese loggers for Japanese owners, for purposes of export to Japan. Even from the standpoint of a consideration of the preservation of our own resources the matter merits the earnest consideration of the government.

Mr. DUNNING: When the question was discussed a few moments ago it occurred to me that perhaps the discussion was a little in reverse. As to the federal powers in connection with controlling the export of any commodity in Canada, wherever or however produced, I suppose one might say that in this parliament there is no doubt we could make general laws covering the export of any commodity. I am not a constitutional lawyer, but I doubt whether any province could deal with the export of a commodity. But, owning the lands upon which the timber grows, the province sets the conditions of cutting, and of course in setting the conditions of cutting in its own judgment it can determine whether or not the timber cut from lands owned by the crown in the right of the province shall be used for this or that purpose. That could be a condition precedent to any extension of the cutting right.

But when we come to privately owned lands —I believe it was these the Minister of Pensions and National Health had in mind—and whether under the circumstances the province could impose on those private lands cutting conditions which would have the same effect with respect to exportation as would conditions set by the province with respect to cutting on crown lands, I think we get into a rather involved constitutional question. The matter is of course one of some difficulty, but this parliament acting for the country generally has not yet, so far as I know placed an embargo on the export of any commercial commodity. There is the question whether any laws affecting the export of commodities could apply nationally with respect to a commodity which came from a particular place, as distinct from the same commodity which came from another place; because the dominion's power undoubtedly is exercisable with regard to the commodity as such. To identify a particular log as having originated in a particular place, or to attempt to apply to lumber which is exported from one part of Canada export regulations which would not apply equally to lumber exported from another part of Canada, or to go further and to consider applying export regulations with respect to commodities destined to a particular foreign country as distinct from export generally, are all very involved questions of constitutional and international law, and of trade generally.

Mr. TAYLOR (Nanaimo): I thank the Minister of Finance for his explanation. It was the observations of the Minister of Pensions and National Health which brought me to my feet. I quite agree with what the Minister of Finance has said: the question whether or not we have any power to place an embargo upon the export of privately owned material is an involved one. But the question arises: Are those materials more necessary for the people of Canada than for people outside Canada? It was a consideration of that question which prompted me to make my observations. I do not agree with the procedure of enforcing embargoes; I believe free manufacturers and free producers have a right to export, and in that I respect the statement of the minister.

Mr. POWER: At one time this parliament prohibited the export of liquor to the United States; at that time it was dealing with free manufacturers.

Mr. ROSS (St. Paul's): Mr. Chairman, may I point out that the export of pulpwood and logs has an effect on the watersheds and navigable waters of the country. There is no doubt that if the forests become depleted the waters in the navigable streams under the control of the federal government will be lowered. We can see that happening in Canada at the present time. No doubt the export of forest products must in some degree lower the waters in the St. Lawrence waterway system from lake Superior to the ocean. It seems to me the federal government should take under advisement the question of the lowered water levels and the depletion of the forests.

Mr. McLEAN (Melfort): It is not the export of pulpwood or logs but rather the cutting and removal of those logs from the land which affects the water or climatic conditions in an area. The export of the forest products to a profitable market does not injure the coverage of the soil to any greater degree than it would be injured if those forest products were sold less profitably at home. The greatest damage is done by fire, which destroys not only the useful pulpwood logs and timber suitable for lumber but also the weed growth and the less valuable trees. I suggest the export of logs and pulpwood need not be considered in connection with the preservation of watersheds.

Mr. PURDY: I notice the present estimates call for an expenditure of $359,300 for forestry projects. While there is some increase over the amount voted last year, to my mind the sum is most inadequate, having regard not only to the direct value of the forest industry to the country but also to the indirect value for the conservation of water and wild life, the attraction of tourists, and the availability to our people of a free means of healthy recreation.

The CHAIRMAN: Is the hon. member referring to item 140?

Mr. PURDY: Yes; I am speaking generally with respect to the items dealing with forest preservation. If you wish, Mr. Chairman, I shall proceed under the next item.

The CHAIRMAN: The hon. member may continue.

Mr. PURDY: I have said that the forests provide a free means of healthy recreation.

Mr. SPENCE: Louder; we cannot hear a word.

Mr. PURDY: Listen, then.

Mr. SPENCE: We are trying to listen.

[Mr. Power.]

Mr. PURDY: I think the direct value of the forests and forest industries of Canada are well summed up in the closing paragraphs of a book recently published by the Department of Mines and Resources, entitled, Economic Aspects of the Forests and Forest Industries of Canada. The summary is on page 53 and reads as follows:

> The products of the forests and forest industries provided the largest favourable balance in external commodity trade during the period 1931-35, and stood second in this respect to agricultural and vegetable products in 1936.
>
> The United States and the United Kingdom are Canada's best customers for forest products, and also supply the larger part of her import requirements.
>
> Of the total volume of wood taken from the forests from 1931 to 1935, over 92 per cent was either consumed in Canada or subjected to further manufacturing processes before being exported.

I draw that to the attention of the hon. member for St. Paul's (Mr. Ross) who has spoken of wood products being exported in the raw state. I continue the quotation:

> The estimated net average value of forest products consumed annually during the same period was 132 million dollars, which included imports valued at approximately 14 million dollars. The value of Canadian products consumed at home was, therefore, 118 million dollars, and the additions to the wealth of Canada, accruing from forests and forest industries, averaged 275 million dollars annually.

From the same publication I observe that 13·8 per cent of the total car loadings of Canada originate with this industry, and therefore it has a very important bearing on the income of our railroads. I would suggest to hon. members who have not already obtained a copy of this publication that they do so, because it is of exceptional interest.

There is another important fact brought out in this book which would seem to substantiate my claim for further consideration for the industry, and that is that approximately one-fifth of the value of the primary production of Canada originates in the forests. I suggest that that is a very modest estimate because I observe from the last issue of The National Revenue Review that of our total exports of Canadian produce in April 1938, amounting to $51,248,752, a total of $11,668,934 came from this industry.

I quite appreciate the fact that in most of the provinces a large percentage of the forest lands is still owned by the crown in the right of the provinces. But the situation in the province of Nova Scotia is entirely reversed, and 87·6 per cent is owned by private parties. It is with privately owned lands in Nova Scotia that I would like to deal for a few moments.

I would first like to point out that some 40,000 of our farms consist in part of cleared land and in part of wood lots, and I would throw out the suggestion to the government that in these wood lots, and in other wood lots privately owned, they have an opportunity of doing for Nova Scotia what they have done and are endeavouring to do for the west in the matter of agriculture. If the west is adapted to the growing of grain, then surely we in Nova Scotia can say with equal truth that our land is adapted to the growing of timber, and claim equal recognition and consideration on this ground. Nova Scotia spruce, pine, birch and maple are by-words in the markets of the British Isles and also of the United States, and if this government would take steps to maintain and increase the supply of these woods it would go a long way towards rehabilitating the rural sections of this province.

With no portion of our province more than thirty miles from tidewater and none of our land inaccessible for operating purposes, it will easily be seen that having regard to the increasing demand for these products from abroad, the expenditure of moneys for the development of forests in the province of Nova Scotia would give a greater return than in any of the others. In addition I think it is recognized that on account of climatic conditions tree growth is more rapid there than in most other places in Canada.

For the year 1937 it is estimated that in addition to firewood the products of our forests and forest industries were in excess of the equivalent of 500,000,000 feet board measure. While accurate figures are not available it is conceded from all sides that this cut was greater than the natural increase and that if we were to continue at that rate for many years our forests would be depleted.

On the other side of the picture, however, we have between twelve and fifteen thousand square miles of timber land or land suitable for growing timber. Experience has shown that under natural conditions many lots which were cropped forty years ago or less have in the past few years produced a crop of from 4,000 to 5,000 board feet per acre, and in many cases far in excess of this.

It seems to me that with proper care and study we have sufficient land in the province to give us an annual cut in excess of the figure named above, and it is toward this end that I would urge on the government the necessity and advisability, as a first step of the establishment of an experimental forest station in this province. Or perhaps a series of demonstration stations would be more suitable, so that the farmers of the various districts could be educated to look upon their wood lots as a portion of their farms the same as they do their cultivated lands, harvesting each year only the trees ready to be cut and improving the growth of the remainder by scientific methods.

Full utilization of the waste products of the industry now destroyed or left to decay could in my opinion, with some assistance, be made to give gainful employment to a large number of our present unemployed.

I shall not further take the time of the committee to enlarge on the subject or to point out the many advantages that would accrue if these schemes could be worked out. I sincerely trust, however, that the minister will give the matter his careful consideration, and I can assure him that he and his officers will receive full cooperation from the provincial department.

Another point I would like to stress in favour of growing timber instead of growing grain, is that if the demand is poor, cutting can be curtailed with benefits to the stands, whereas in agriculture this is not possible. Further, when the time comes for the selection of sites for these experimental stations and the minister sends his officials to Nova Scotia, I trust that they will not overlook the constituency of Colchester-Hants, which is the biggest lumber producing constituency in the province.

Mr. CRERAR: I will certainly give consideration to the representations my hon. friend has made. I might mention that Cape Breton Island park is now under development, covering an area of five hundred square miles, and we have under consideration making some study within the park area of the timber growth and other resources relating thereto.

Mr. PURDY: The minister's officials, when they visit Cape Breton national park, will find that the woods there are entirely different from the growth on the mainland, and that the land within the park is not very well suited to the production of useful timber.

Mr. CRERAR: I am glad to have that suggestion from my hon. friend.

Item agreed to.

Forest experiment stations, $77,520.

Mr. SPENCE: I presume I am the only one who attempts to criticize increases in estimates. I should like a little information on the reason for this one. It seems to be the government's policy that all estimates shall be increased. Here we have increases in this department, following the many in-

creases that were made in the Department of Agriculture. Why almost $36,000 should be added to the expenditure on forest experiment stations I cannot understand. This is no time for increasing experiments. Money should not be spent to-day unless it will bring work and wages to the unemployed. But this is pure experimental work, and I suggest that the government do not waste $36,000 more on experiments of this kind.

Mr. CRERAR: I might make to the hon. member the same remark I made to the committee on an earlier vote. In last year's estimates, with which he makes a comparison, he is dealing only with the main estimates; and if we take the total spent last year in main and special supplementaries, and set that against the amount in this vote, this vote is actually less than it was a year ago.

Mr. SPENCE: Your estimates do not show it this year.

Mr. CRERAR: I know, but if we take into account the special supplementaries voted last year—

Mr. SPENCE: Oh, well, I do not have them here.

Mr. ROSS (St. Paul's): I notice that the hon. member for Melfort is not in the house; but in answer to what he said, I should like to remark that the necessity of keeping our pulpwood and manufacturing paper in this country and not exporting it, is that we have in the pulp and paper industry an investment of some $175,728,000, and it is necessary to keep the supplies for those mills in Canada. We can manufacture it here just as well as they can in the United States, and with more benefit to Canadians.

Item agreed to.

Forest Products Laboratories, $148,500.

Mr. MacNICOL: We should like to hear what the minister has to say about this; what are the laboratories doing? The minister is probably familiar with the laboratory at Madison, Wisconsin, where wonderful work along this line is being done. I should like to know what work is being done in Canada in this respect, and upon what all this money is being spent.

Mr. CRERAR: There are three of these laboratories. One in Vancouver, one in Ottawa, and one in Montreal.

Mr. MacNICOL: What are they associated with?

Mr. CRERAR: The study of the utilization of forest products. For instance, studies are being conducted as to the strength of woods, how woods can be most economically used, for example, in various building materials. Then there is the study of the utilization of waste material from wood, such things as sawdust and bark and slabs, which a few years ago were considered as waste material altogether; also, the study of lumber seasoning; how our forest products can be best manufactured to suit the markets to which they may be going. These matters are studied particularly at the Vancouver and Ottawa stations. The Montreal laboratory is devoted almost entirely to the pulp and paper business which forms such a large and important part of the industry in both Quebec and Ontario. Scientific experiments are carried on with a view to the improvement of the quality of the paper by treatment of pulp. All that sort of thing is carried on in Montreal, and the department has had a definite recognition from the pulp and paper industry of the value of the government's contribution to this laboratory. I might say, as was pointed out in discussions of similar estimates in previous years, that the Montreal laboratory was begun through the cooperation of McGill university, the pulp and paper industry, and the federal government. To the costs of operating this particular laboratory the pulp and paper association make a contribution, in addition to that which comes from the federal government.

Mr. MacNICOL: Is there a revenue from it?

Mr. CRERAR: No. You do not derive much direct revenue from experimental stations.

Mr. MacNICOL: This is not an experimental station. This is a laboratory.

Mr. CRERAR: Well, I mean from laboratories.

Mr. MacNICOL: The United States government receives considerable revenue from a similar line of work at its great laboratory at Madison, Wisconsin. When that laboratory renders a service along the lines the minister has outlined, and along scores and hundreds of other lines, it makes a charge for it. All that the minister has said is very largely the sort of information which has been handed down from the research bureau here, so that if these experimental stations are doing the same work, that is, only a duplication of what is being done here, then what is the research bureau doing?

Mr. CRERAR: The research bureau is not doing research work in this particular field.

That is being done by the laboratory at Montreal. The same applies to the forest laboratories at Ottawa and Vancouver. That field is not being duplicated by the national research council.

Mr. MacNICOL: Do they also inquire into the proper kind of wood or lumber to be used for shipping purposes, for crating and so forth, so as to advise manufacturers of the strength of certain kinds of wood for certain lines of shipments, whereby they are able to reduce the weight and thus reduce the freight charges?

Mr. CRERAR: Those matters are studied not only in the Ottawa station but in the Vancouver station as well. Studies are also made of the lasting qualities of various kinds of woods, and what treatments can be given them to increase their length of usefulness. All these matters, which are purely scientific, are under investigation at both Ottawa and Vancouver. As I stated a moment ago, the Montreal establishment confines its activities very largely to those problems which relate to the pulp and paper industry in Canada.

Mr. BARBER: How much was expended last year on the Vancouver laboratory?

Mr. CRERAR: The vote this year is divided as follows: To Vancouver, $34,572; to Montreal, $38,829; and to Ottawa, $75,099.

Mr. BARBER: The minister said that experiments were carried on in connection with waste material such as slabs, sawdust and so forth. What has been the result of those experiments? Is there any result from them so far?

Mr. CRERAR: I cannot say that so ar there have been any practical results.

Mr. BARBER: How long have they been carrying on these experiments?

Mr. CRERAR: I am informed that it is only within the last year that work of this kind has been undertaken.

Mr. TAYLOR (Nanaimo): Are there any field research units associated with these laboratories, outdoors?

Mr. CRERAR: The officers in these various laboratories go out and have contacts with the people who are actually in the industry. If that is what my hon. friend means, the answer is yes.

Mr. TAYLOR (Nanaimo): Not exactly. What I am trying to discover is whether any of these departments are directing themselves to the comparative advantages of natural or ordered reafforestation.

Mr. CRERAR: That comes under the various experimental stations. It is not related to the work under this particular vote.

Mr. TAYLOR (Nanaimo): Is anything being done in that direction?

Mr. CRERAR: Yes. A study is being made at these various experimental stations. There is one in New Brunswick, one at Valcartier, one at Petawawa, one in Manitoba and one in Alberta. Experimental work is carried on as to the rate of tree growth, the conditions under which growth is best promoted, the matter of fire hazard and how it can best be provided against, and so on. All these matters are under constant study at these experimental stations. For instance, plots will be thinned down to a certain number of trees per acre to ascertain the relative rate of growth as compared with a stand which is much thicker. In a general way the work carried on is directed as far as possible to wholly practical ends, and when the data is accumulated it is passed on to those engaged in the industry in various parts of Canada. As I said earlier, we have had from people engaged in various branches of the woods industry commendations regarding the practical value they have received from the work carried on at these stations.

Mr. BARBER: Where is the laboratory in British Columbia located?

Mr. CRERAR: In the university grounds in Vancouver.

Mr. HAYHURST: What varieties of timber of economic value are found in Alberta, and for what purposes are they used?

Mr. CRERAR: We have no laboratory in Alberta. Conditions in the three western provinces are fairly similar so far as the type of timber produced is concerned. There is, of course, an experimental station at Kananaskis, but there is no laboratory.

Item agreed to.

Grant to Canadian forestry association, $1,620.

Mr. BLACKMORE: What are the objects of this organization, and what has it done?

Mr. CRERAR: It was initiated under prviate enterprise to bring home more clearly to the Canadian people the value of the forests and the need of fire protection; in short, to develop a sort of forest consciousness in the people. It has largely been supported by private effort, and grants have been given for a considerable number of years, not only as a recognition of the useful work that the association is doing but as a practical aid in carrying it on.

Mr. BLACKMORE: Perhaps hon. members have not been sufficiently impressed with the serious depletion of the forests on the eastern slopes of the Rocky mountains in Alberta, and the effect which this may have on the provinces of Alberta, Saskatchewan and Manitoba. We are going forward with a prairie farm rehabilitation scheme which, I am sure, will be extended as the years go by, the object being to bring under irrigation a large part of what is now semi-arid land. The water with which these projects will be carried on must come from the eastern slopes of the Rocky mountains. It happens that some of them are in my constituency and others in Macleod riding, and therefore I am familiar with them. There is grave danger of forest fires crossing the mountains and destroying these forests. Such a thing has happened many times. I am informed that there is scarcely sufficient forest supervision to ensure ability to stop a fire soon enough to prevent a disaster. I understand that it takes about one hundred years for a burned forest to be replenished. These facts are sufficiently serious to make us stop and think. It would be far wiser to spend some extra money in protecting the forests as they are now, and some money in encouraging reafforestation so as to preserve the water, before it is too late. The Saskatchewan river, the South Saskatchewan particularly, and other great rivers flowing down the eastern slopes depend largely upon forests for their water. There is a genuine problem there. At present the task of looking after these forests is in the hands of the province.

Mr. CRERAR: They own and control them.

Mr. BLACKMORE: I realize they do, but in these times when the provinces are in such straitened circumstances financially it would seem the part of wisdom for the dominion to make sure that there shall be no lack of adequate forest supervision. I emphasize this because, if these forests are destroyed and that water supply is in considerable degree diminished, it will long be a matter for regret; for it will be a loss that we shall not be able to replace.

Item agreed to.

Land registry: Land registry, seed grain collections, administration of ordnance, admiralty and public lands, $64,000.

Mr. STIRLING: It seems a curious thing to mix up seed grain collections with administration of ordnance lands.

Mr. CRERAR: It arises from what is left of the land administration of the old Department of the Interior. This land registry has several activities. It is responsible for the administration of federal lands reserved under the natural resources agreement; it has the handling of military reserves that may have been abandoned for that purpose, of the issue of letters patent for lands in the Northwest Territories and the Yukon, and the administration of ordnance and admiralty lands on the east and west coasts and also on the great lakes. There are still some remnants of those old lands. Generally speaking, it is an office of record for all the lands controlled by or under the federal administration. It is a sort of omnibus item carrying everything that could not be attached anywhere else.

Mr. STIRLING: From whom are the seed grain collections made?

Mr. CRERAR: On advances made many years ago, some as far back as 1914, I think, in the prairie provinces. My officers tell me it goes back as far as 1876; I do not think there are many of those, but some old claims date back to 1914. They are endeavouring to collect these; in some instances compromises are reached on the amounts.

Item agreed to.

To provide for expenses in connection with the determination of boundaries of ordnance and admiralty lands in the province of British Columbia, $3,000.

Mr. CRERAR: This is an item which has been in the estimates for a good many years. We have not been able to make much progress with the British Columbia government in getting the matter actively in hand to have the boundaries of some of these lands delimited, but we may be able to make some progress this year.

Mr. SPENCE: How many pieces are there in British Columbia?

Mr. CRERAR: About fifty, I understand.

Mr. STIRLING: Why only in British Columbia?

Mr. CRERAR: I understand this arises out of some provision in the act transferring the Peace River block and the railway belt to British Columbia. Provision was made then for the settlement of these boundaries. I am told that in some instances Indian reserves are involved. The matter has been under discussion with the British Columbia government; but they and the department here have never been able to agree on it, although it has been under discussion for several years.

Mr. NEILL: Can the minister hold out any hope that they will ever get the matter of the Indian reserves in British Columbia settled, concerning which there was an agree-

ment made, known, I think, as the McKenna agreement, which originated about 1918? I know a large, expensive delegation went about British Columbia and made arrangements to cut off land from some large reserves not needing it and add land to others; the province agreed to surrender those lands necessary to be surrendered by it, and the dominion agreed to reciprocate, but as far as I know the matter has never been settled. There seems to be an almost childish sort of dispute in connection with some of the terms. If the matter has been settled, I should be glad to know, and, if so, when the settlement was reached. The delay is holding up a lot of progress that might be made. Parts of these reserves could be sold to public advantage, but sale cannot be carried out because no one has a title; the dominion does not have it because the province will not sign, and the province is still retaining it under a sort of pledge to give it to the dominion.

Mr. CRERAR: The matter is now under negotiation with the British Columbia government. Various efforts have been made to settle it, but without avail. I personally discussed the matter with the premier of British Columbia on his recent visit to Ottawa, and urged that it should be settled.

Mr. NEILL: What is the trouble?

Mr. CRERAR: It is hard for me to say. Apparently there is in British Columbia some official view held rather strongly on the question. But I believe there is no good reason why it should not be settled. The basis of settlement was agreed upon. I urged upon the premier of British Columbia that it should have the immediate and careful consideration of his government, and he assured me it would be taken in hand. I hope when we come to consideration of these estimates a year hence the committee can be given the information.

Mr. DUNNING: I move that the committee rise and report progress, and ask leave to sit again this day, in order to permit of the tabling of the supplementary estimates, and also a statement of the Minister of Labour in connection therewith, the intention being to ask the Speaker to leave the chair immediately after the message of his excellency has been received, and to call an item in the Department of Labour.

Progress reported.

SUPPLEMENTARY ESTIMATES, 1938-39

A message from His Excellency the Governor General transmitting estimates for the financial year ending March 31, 1939, was presented by Hon. Charles A. Dunning (Minister of Finance), and read by Mr. Speaker to the house.

Hon. CHARLES A. DUNNING (Minister of Finance) moved:

That the message of His Excellency, together with the supplementary estimates presented this day, be referred to the committee of supply, with the exception of items Nos. 633, 634 and 635, which I would ask the house to refer to the standing commitee on railways and shipping owned, operated and controlled by the government.

Mr. STIRLING: Would the minister kindly explain his reference just now to the fact that it was the desire of the government to call an item under the Department of Labour. Surely that is quite an unusual thing to do, with the supplementaries laid before the house now for the first time.

Mr. DUNNING: I am sorry; I thought I had made that clear. It is the intention again to call committee of supply immediately; and when the chairman is in the chair we shall call an item in Labour merely for the purpose of enabling the Minister of Labour to make a brief explanatory statement with respect to the estimates now being tabled, but with no intention of going further than that in the discussion of the items. I am sorry I did not make that clear previously.

Mr. STIRLING: Labour has been called already?

Mr. DUNNING: Yes.

Motion agreed to.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF LABOUR

International Labour Conference, $15,000.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Chairman, in view of the questions raised during the recent debate on unemployment, I believe it will meet the wishes of the committee if a brief statement is made at this time with respect to the supplementary estimates which have just been tabled.

In these estimates provision is made for work-creating projects amounting to a total expenditure of over $40,000,000. This is in addition to work-creating projects in the main estimates amounting to an almost equal sum. Apart from expenditures on public buildings in the various provinces and the normal outlay for the repair of wharves and breakwaters, the larger items in these estimates

carry out the policy of the government to stimulate basic industries and broaden the foundations of a long range program of conservation and development. An amount of $1,310,000 is set aside for improved road transportation into new mining areas, and there is a further supplementary vote for geological surveys, in addition to the $300,000 appearing in the main estimates. The total of proposed expenditures on highway improvements apart from mining roads is over $3,500,000. Of this total there is a new item of $1,000,000 to reduce the menace of level crossings as a supplement to the contribution of $500,000 to the grade crossing fund already made in the main estimates. Over $3,000,000 is assigned to trans-Canada and tourist highways and national parks. Another item in the group of expenditures designed to assist the tourist industry is the sum of $450,000 for the restoration and development of historic sites.

Over $7,000,000 is to be spent on special projects of harbour and river development, including a contribution of $300,000 to the Grand River conservation project in Ontario. There are substantial construction outlays for harbour improvements at Halifax, Saint John, Quebec, Montreal, Toronto, Hamilton and Vancouver.

The sum of $1,000,000 is also to be spent on canal improvements in addition to the expenditures appearing in the main estimates.

The sum of $650,000 is to be spent for the encouragement of the fishing industry.

The expansion of facilities for air transportation is given a prominent place in the development program. The sum of $800,000 is allocated for the construction and improvement of airports along the trans-Canada route and an additional $500,000 for assistance to municipal airports. This is in addition to the sum, in the main estimates, of $1,722,400 for the construction of airports, and $800,000 for assistance to municipal airports.

As announced in the speech from the throne the youth training plans are to be extended. The sum of $2,250,000 is included in the estimates for training projects for unemployed young people and older unemployed persons. A considerable portion of this amount will be used for forestry training and conservation.

To provide for rehabilitation and water storage in the prairie provinces under the Prairie Farm Rehabilitation Act the sum of $3,500,000 is included in the supplementary estimates. This amount will be expended largely in the drought areas of Saskatchewan and Alberta.

[Mr. Rogers.]

New expenditures are included for forest conservation and fur conservation.

It is also possible at this time to make a further announcement which, I believe, will be welcomed in the house and in the country. In accordance with the principles laid down in the recommendations of the national employment commission, legislation will be introduced at the present session to provide additional encouragement to low cost and low rental housing. Legislation will also be introduced to provide low interest loans to municipalities for self-liquidating projects. These important developments of the government's program are designed to give further stimulus to the construction industry and to provide additional employment through private and public enterprise in large centres of population and in localities which may not benefit directly from the construction of public buildings and other works projects.

Mr. WOODSWORTH: May I ask the minister one question? Until these projects get under way, has the government made any provision for the emergency situation that prevails in Vancouver, Calgary, Winnipeg, Windsor and, in fact, nearly all our larger centres, where there are large numbers, especially of single men, who are not to-day provided for?

Mr. ROGERS: Although the supplementary estimates remain to be passed providing for grants in aid to the provinces, those provinces concerned have the assurance that when the grants in aid are passed they will be made retroactive to cover the months since the expiration of the last fiscal year. There has been a difficult situation in Vancouver during the past few weeks. As I have stated before in the house, the government of British Columbia has been dealing with the situation in consultation with the Department of Labour here, and of course I am aware of the measures that have been taken in that province to deal with the immediate situation. As far as the other cities mentioned by my hon. friend are concerned, I know of no emergency situation which is not being met in the ordinary way through the provision of direct relief or in such other ways as have been employed by the provincial governments for that purpose.

Mr. MacINNIS: I wonder if the minister would go a little more fully into the Vancouver and British Columbia situation. I notice by this morning's newspapers that the minister of labour of British Columbia made the statement that 1,800 single men who came into the province at the end of last year were to be returned to the provinces

in which they may have domiciles, and that if they did not accept that offer they would receive no more relief. From the same press dispatches I understand that the western cities or other provinces to which they are to be returned are objecting to that being done. Are any steps being taken to ensure that if these men are compelled to leave British Columbia, they will be maintained in the other provinces to which they may be sent or to which they wish to go?

Mr. ROGERS: I should be inclined to answer that question in this way: The men to whom my hon. friend has referred received employment in forestry conservation camps during the winter months. The dominion government contributed to the maintenance of those camps, which were carried on cooperatively by the dominion and provincial governments. These men received wages at the prevailing rate of thirty cents an hour while they were in the camps, and a portion of their pay was deferred and made payable to them after they left the camps, in the form of post office vouchers. Had these men who came from other provinces chosen to return to those provinces at the conclusion of the work in the forestry camps, no possible objection could have been taken by the authorities in the provinces from which they had come originally. That, as I understand it, is what is now proposed by the provincial government; that these men who came to these forestry camps from other provinces shall be granted transportation to their homes. I have the assurance that in determining the destinations of these men to whom transportation will be given every possible safeguard is taken to see that they are sent to their own homes, or, in other words, to the places from which they came to enter the forestry camps in British Columbia during the past winter. As a matter of fact, my information also states that of those who have applied for transportation almost all have indicated as their homes smaller centres of population in the prairie provinces. So that up to this time we have no indication that there is likely to be a large concentration in the cities of western Canada. The number mentioned by the hon. member is also, I believe, something in excess of the actual number who would qualify for transportation under the plan proposed by the minister of labour of British Columbia.

Mr. MacINNIS: No doubt the minister has seen the press dispatches and realizes I mentioned the number indicated in those dispatches.

Mr. ROGERS: Quite.

Mr. GREEN: Are those the steps to which the minister referred when he said the provincial government had taken steps to deal with the situation? I ask that because I have understood that there were several thousand men assembled in Vancouver and the shipping back of 1,800 or 1,900 of them still leaves a large number in that city who will have to be cared for by the citizens. For instance, last Saturday a tag day was held at which the sum of $4,000 or $5,000 was raised. To a certain extent by threatening the city permission was obtained to hold the tag day. Is it the intention to reopen the forestry camps until these works projects are started, or is the government taking any other steps in the interim to meet the situation.

Mr. ROGERS: The government of British Columbia in dealing with this situation at close range—not a new situation entirely, but something which has developed from time to time in recent years—has decided it will be possible to absorb in employment in the province those who were formerly in the forestry conservation camps and who were residents of British Columbia. As a matter of fact, the experience of last year suggests that this has been done. About 2,500 men who were in the forestry camps of British Columbia last winter did not return this winter. The clear inference is that they had either found employment elsewhere or returned to their homes in the prairie provinces. As I have said, the province of British Columbia is able to judge as to the best measures with which to deal with the existing situation. As I understand the situation, it is not the intention to open forestry camps.

Mr. GREEN: As the minister must know, there is far less employment in the woods of British Columbia this year than last; that will mean less opportunity to place these men.

Mr. ROGERS: I am not able to give a definite opinion on that point. I have understood that there was a certain slackening in the forest operations in certain parts of British Columbia, but within the last few days I have heard evidence to the contrary. At all events, the statement made by the minister in the British Columbia government suggests that in his belief it will be possible to find employment for those formerly in the camps and properly resident in the province.

Mr. GREEN: The minister is satisfied that the difficulty has been settled in the coast cities, then?

Mr. ROGERS: I am afraid I am never satisfied that difficulties of this kind are settled. To some extent they are chronic, and inherent in the problem with which the country and government is dealing at the present time; but I believe I can say—and perhaps this is known to members of the house—that many of those young men were induced to remain in Vancouver. They are organized in the relief project workers union, and I believe the efforts of the leaders in that union were directed toward dissuading those young men from returning to their own homes when work in the forestry camps was ended.

Mr. DUNNING: It is not the intention to press passage of the item at this time. After the hour for private bills has expired, it is the intention to proceed with the estimates of the Department of Fisheries.

Item stands.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 113, for the relief of Mary Elizabeth Fletcher Meigs Ballantyne.—Mr. Emmerson.

Bill No. 114, for the relief of Ada Alice Burns.—Mr. Thompson.

Bill No. 115, for the relief of Marjoire Isabel Meldrum Andersen.—Mr. Emmerson.

Bill No. 116, for the relief of Alice Pearl Shaver Booth.—Mr. Jacobs.

Bill No. 117, for the relief of Mary Grace French Clarke.—Mr. Jacobs.

Bill No. 118, for the relief of John Gerard Ahern.—Mr. Hill.

FARMERS' CREDITORS ARRANGEMENT ACT

AMENDMENTS AS TO DEFINITION, BANKRUPTCY PROCEEDINGS, REHEARING, ETC.

On the order:

Second reading of Bill No. 16, an act to amend the Farmers' Creditors Arrangement Act, 1934.—Mr. Douglas (Weyburn).

Mr. SPEAKER: When this bill was last called, it stood in the absence of the sponsor. That has happened twice.

Mr. DUNNING: Mr. Speaker, the bill amending the Farmers' Creditors Arrangement Act has passed, and I think for that reason we might very well drop this order from the order paper.

[Mr. Green.]

Mr. WOODSWORTH: That is quite right, Mr. Speaker.

Mr. SPEAKER: Then there should be a motion to discharge the order.

Mr. DUNNING: I move, Mr Speaker, that this order be discharged.

Motion agreed to and order discharged.

RAILWAY ACT AMENDMENT

PROPOSED APPLICATION OF CROWSNEST PASS RATES ON GRAIN WESTWARD AS WELL AS EASTWARD

The house resumed from Friday, May 6, consideration of the motion of Mr. Reid for the second reading of Bill No. 18, to amend the Railway Act (rates on grain).

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, I believe the Minister of Transport (Mr. Howe) was speaking at the expiry of the hour for public and private bills when this motion was last before the house. He is unable to be present to-night, and has requested me to say to the house on his behalf what he would have said had he been able to be here and conclude his remarks.

The Minister of Transport says that when he last discussed this bill he had arrived at the point of making some remarks on the major contention of the member for New Westminster (Mr. Reid) to the effect that mill feeds should move from the mills to consumers in British Columbia at rates now applicable to feed grain. The minister had pointed out that the hon. member for New Westminster was in error in stating that such a movement now takes place on a domestic rate for milling grain, as in fact the movement is now carried out on the balance of the through rate from the point at which the grain itself originates, and this balance of the through rate is usually lower than the domestic grain rate, and often as low as or lower than the rate on feed grain.

The Minister of Transport has conferred with both railways on the matter of the contention of the hon. member for New Westminster and has pointed out to them that a grievance, although the railways claim it is not a very real one, is still a grievance and should be removed by every means consistent with maintaining a reasonable rate structure. The railways are disposed to accept the minister's view of the situation, and after giving the matter full consideration both railways have authorized the Minister of Transport to

make the following statement, which in his opinion concedes the demand of the hon. member for New Westminster and those who support his view so far as rates on mill feeds are concerned. The following is the statement of the railways handed to the Minister of Transport:

The railways will make provision in their tariffs that on straight carload lots of feed forwarded from the milling point, the balance of the rate as applicable under the railway regular milling and transit arrangements will not be in excess of the feed grain rates from the milling point. The railways will also provide in their tariffs applicable on feed grains that the rates named therein will apply on straight carloads of mill feeds from specific points at which mills are located in Alberta and Saskatchewan to points in British Columbia. The above special rates will be withdrawn if it forces reductions generally on feeds between points in western Canada.

The Minister of Transport states that it is only fair to point out once again that the present rates on feed grain were agreed to by the railways with the understanding that they represented a compromise between the demands of the four western provinces and the then existing tariffs. It is the minister's understanding that this compromise was accepted by each of the four western provinces, and having accepted the compromise, the minister doubts the propriety of further demands within the previous settlement. It is now the opinion of the Minister of Transport that the fact that both railways are willing to introduce the new rate voluntarily should be accepted as an indication of the desire of the railways to meet the needs of the agricultural development of British Columbia, and the minister suggests to the hon. member for New Westminster that he should withdraw this bill with the understanding that the new tariffs on mill feeds will be published without delay.

The minister desires to point out to members of the house that the very low rates now applicable on natural products moving for export are made possible only by a reasonable balance between export traffic and the movement of more valuable commodities within Canada. Truck competition has made heavy inroads on that kind of traffic, while drought conditions have reduced the export volume of grain. These two situations combine to create Canada's railway problem. The railways have every desire to meet the needs of agriculture. Ton mile rates in Canada for the products of the farm are far lower than for parallel lines in the United States, and are in fact the lowest rates in the world. While moving traffic at these rates, we expect our railways to produce a balanced budget, and the Minister of Transport suggests that we should not ask the impossible in further reduction of rates that are now well below the cost of the service given.

Western Canada has always been ably represented on the board of railway commissioners, and the minister believes that no one can claim that the railway board has not understood the needs of western Canada and given sympathetic consideration to those needs.

In conclusion, the Minister of Transport desires to state again that parliament has constituted the board of railway commissioners the final authority to adjudicate on railway rates, and he expresses the hope that in future members of the house will address matters of rate adjustment to the board of railway commissioners rather than to parliament itself.

That is the end of the statement, Mr. Speaker, which the Minister of Transport desired me to make on his behalf.

On my own behalf may I say that I have a vivid recollection, going back through the years, of the continuous struggle in connection with this matter of westbound rates on feed grains. In fact, my recollection goes back vividly to the original fights with respect to the Crowsnest rates eastbound, of which it might be said that the bills introduced year after year by the hon. member for New Westminster (Mr. Reid) have been a by-product. I think all of us would agree in principle that parliament, having delegated the responsibility for rate making to the board of railway commissioners, should not, unless under exceptional circumstances, constitute itself the judge as to what a given freight rate should be on any commodity between points in any part of Canada. I speak, of course, subject to the fact that certain statutory rates enacted by this parliament before the board was created do exist and have been a ruling factor in relation to the commodities and the geographical areas with which they deal, even though the board has since come into existence for the purpose of regulating rates generally in Canada. I hope that the hon. member for New Westminster will regard the further concession which the railways have authorized the Minister of Transport to offer as sufficient warrant to justify him in withdrawing the measure which is now before the house. By so doing we shall avoid further parliamentary adjudication with respect to railway rate matters, which, as I have said, all of us regard as undesirable generally. Of course parliament is the highest court in the land, and there is no means of preventing discussion of these matters in parliament, nor is there any desire on the part of anyone to prevent such discussion. Nevertheless, parliament having created a

body and clothed it with the necessary authority, it is desirable, generally speaking, that that body should be left as free as possible in order that it may exercise its jurisdiction equitably on behalf of the people of Canada whom it is appointed to serve.

Hon. H. H. STEVENS (Kootenay East): The decision of the government, as indicated in the statement read by the Minister of Finance (Mr. Dunning) on behalf of the Minister of Transport (Mr. Howe), is an extraordinary one. I agree with the minister and have always held that the question of fixing rates ought to be left to the railway board. The first speech which I made in this house, in the autumn of 1911, was on that subject, when the late Mr. MacLean, from Toronto, introduced a resolution calling upon parliament to take some action with regard to fixing rates. I then took the ground I did because I had faith in the railway board as an institution. I believe that the board, on the whole, has been one of the fairest courts in the land. It is, of course, more a court of equity than a court of law. It has earned for itself a record of justice and fairness, and in the choice of its chairmen the country has been singularly fortunate. I appeared before it years ago, when the late Mr. Justice Mabee was the presiding official, and before him Mr. Justice Killam, as well as those who have followed. In all instances, I believe, the gentlemen who have been the chairmen of the board have been distinguished by their fairness and their sense of equity. Therefore I have never felt comfortable when these bills were brought before parliament. It is true that on certain rare occasions when freight rates have been discussed, I have taken a stand in the house in regard to them, but in my opinion it has been more or less unfortunate that they should have been introduced into this house.

Having said that, I confess to a considerable disturbance of mind in witnessing a government—to judge from the document which was read—actually having discussed the matter and brought pressure upon railways in order to overcome an inconvenient measure which was brought before the house by one of its supporters. I suppose we might liken the hon. member for New Westminster (Mr. Reid) to the importunate widow who by her persistent attempts at last won some attention.

Mr. DUNNING: There was similar action on a former occasion in the same matter.

Mr. STEVENS: Oh, yes, there have been many agitations of this kind.

[Mr. Dunning.]

Mr. DUNNING: No; similar action.

Mr. STEVENS: Well, there was action taken on one occasion, which I think in itself was a mistake, on the Crowsnest rate, which, according to law cited properly by the minister a few moments ago, in its statutory form covered certain territory in certain directions. Then that was applied on movements west. I do not object to the effect of it, but I object to the form of it.

Here is another consideration. The hon. member upon one or two occasions has appealed to the governor general in council, as was his right. I believe it would have been far better for the governor general in council, in accordance with the law, to take some action on appeal from the board of railway commissioners, than to have the matter dragged into the house and made more or less a political football, because that is what it amounts to. It will be quoted in the country as evidence of what can be done in parliament by anyone who wishes to be persistent and, shall I say, sufficiently embarrassing to the government. In my opinion it is an unfortunate precedent that the government should have given way, although in the concluding remarks of the minister's statement he made a pious appeal to all hon. members that in future they would be good boys and not embarrass the government in this way any more, but leave the subject to the board of railway commissioners. That is the substance of the closing remarks of the appeal. It is not an elevating spectacle for parliament. Either this thing is right or it is wrong. The rates should have been granted before or, they should not be granted to-day; the rates should have been granted by the board of railway commissioners or, on appeal, action should have been taken by the governor general in council. I am not condemning the hon. member for his action, other than to say this, that I do not agree with this form of rate making. In his desire to gratify his ambitions he has a perfect right to embarrass the government he is supporting; but it is a poor line of business and an unfortunate precedent to establish in the house that if an hon. member can make himself enough of a nuisance to the government in some way or another, he will get his wishes and his demands gratified.

Mr. DUNNING: When I spoke of this not being the first time that similar action had been taken on this matter, what I had reference to was a previous occasion when a similar bill was before the house. The hon. member informs me that it was in 1933. On that occasion a compromise was reached between those sponsoring the bill and the repre-

sentatives of the four western provinces who were interested. The decision of the railways on that occasion—a voluntary decision —was communicated to the house, as I am communicating this decision to-day. That was what I meant when I said that similar action had been taken previously.

Mr. STEVENS: I still submit that is not a sound practice.

Mr. DUNNING: My hon. friend was a member of the government that did it.

Mr. STEVENS: That is true enough, but I do not think I took any part in that particular matter. It makes no difference, however; the two incidents do not make each other right. I have always held that it is better to leave matters to courts that are set up to deal with them than to bring them here. What I am deploring is not this particular incident but the fact that a concession should have been granted in this way. It should have been done by the governor general in council upon appeal from the board of railway commissioners. That is the proper way, and if the government had decided to follow that course it would have been better to invite the hon. member to reopen his appeal before the governor general in council and have action taken in that way.

It is not adding either to the dignity of, or to public confidence in, the board of railway commissioners. Here are two railways coming and saying, "We have been harassed about this matter, and now we shall give so much if you will withdraw the bill and not bother us about the rest." In the statement read a few minutes ago they intimate that the moment there is any agitation in the territory with respect to intervening points they will withdraw this concession. The whole thing is on the basis of log-rolling, whereas it should be on the footing of the findings of a court of equity and should stand as a matter of justice. It should be a matter of justice, or it should not be done at all. Either the rates are justified or they are not, and the board should be behind them.

This board is at the present time in a state of transition. Under the transport act it is going to become the board of transport and to it are to be handed enlarged powers to administer not only the railways but water-borne traffic, air traffic and other matters. In other words, the powers and jurisdiction of the board are to be extended; but just at the time of transition we find the board, a court which as I say has earned for itself a right to the confidence of the country, being brushed aside and a set of rates fixed by a log-rolling process. It is that feature of the matter to which I object. I suppose the hon. member who introduced the bill and who has been so assiduous in his advocacy of it in the house, where a good many of us feel it should not be, will receive some encomiums for having achieved a great victory. I do not believe, however, that victories of that kind should be achieved in this house at the expense of constitutional and proper methods and at the expense, further, of public confidence in our judiciary, because if you are going to do this sort of thing in this instance you might just as well do it in some other matter.

All the talk about this being the high court of parliament, this high-sounding phrase, makes me a little weary. If there is a body in this country less fitted to be a court, it is this house, and we might as well admit it.

Mr. DUNNING: I said so.

Mr. STEVENS: What is the use of talking about this being the high court of parliament? This is not a judicial court. Unfortunately, even the proper and legitimate functions of parliament are not discharged in the best possible form because of the introduction of patronage which has grown up over the years. To call this a court similar to courts of justice, or to suggest that it could take the place of a court of justice or a court of equity is, of course, silly. It is not a court in that sense. Courts have been established and the confidence of the people has reposed in those courts. That confidence should not under any circumstances be disturbed. If there is one thing that we should be proud of in Canada, it is the respect which, down through the decades, the people have had for the courts of the land, and unfortunately these are times when loosely expressed opinions have a tendency to disturb the confidence of the less informed people of the country in our courts. Those of us in whose hands rests the responsibility of leadership in Canada should be extremely careful not to lend any colour to the disturbance of public confidence in the courts. I say this with particular emphasis with reference to the board of railway commissioners, which, as I said in the committee the other day and as I repeat here, is a body whose work I have followed with great care for many years and for whom I have nothing but praise. I deplore that this matter should have been dealt with in the way in which it has been to-night.

Mr. BLACKMORE: There is one matter—

Mr. DUNNING: The hon. member has already spoken.

Mr. SPEAKER: Has the hon. member spoken? If so, he cannot speak again.

Mr. REID: The hon. gentleman has spoken. I am not objecting to his speaking again, but I am watching the time because I should like to have this matter finished to-night. The hon. member spoke on a previous occasion, when he said he would support the bill.

Mr. BLACKMORE: Did I speak in support of it?

Mr. REID: Yes; the hon. member said he would support it.

Mr. BLACKMORE: I lost track of it.

Mr. W. K. ESLING (Kootenay West): Can the minister interpret in dollars and cents this compromise rate? That is to say, what is the saving from the mill in Alberta to the coast, and does this compromise also apply to intervening points? I understand that it does not. What about the numerous poultry farmers in the interior of British Columbia, and many cooperatives too, who would like to bring in cargo lots? I take it from what has been said that they do not participate in any of these benefits. Am I right?

Mr. DUNNING: I have exercised my right to speak and am debarred, as the hon. member for Lethbridge is, except by unanimous consent.

Some hon. MEMBERS: Go on.

Mr. SPEAKER: The minister may speak with the unanimous consent of the house.

Mr. DUNNING: I am sorry I cannot go into details. As I indicated at the outset, I was placed in the rather embarrassing position of endeavouring to perform a service for the Minister of Transport, who desired to make the statement communicated to him by the railways. I cannot answer my hon. friend's question in dollars and cents. Perhaps if I read again slowly the statement of the railways' contention which is here categorically stated, it may answer at least part of what he desires to know. It says:

> The railways will make provision in their tariffs that on straight carload lots of feed forwarded from the milling points, the balance of the rate as applicable under the railway regular milling and transit arrangements will not be in excess of the feed grain rates from the milling point. The railways will also provide in their tariffs applicable on feed grains that the rates named therein will apply on straight carloads of mill feeds from specific points at which mills are located in Alberta and Saskatchewan to points in British Columbia.

Mr. STIRLING: All points?

Mr. DUNNING: I am reading what is here.

[Mr. Dunning.]

> The above special rates will be withdrawn if it forces reductions generally on feeds between points in western Canada.

I am sorry I cannot elucidate that any further; I have no more information about it than the statement contains.

Mr. STIRLING: There was a statement also that if this matter were raised again for intermediate points, the arrangement would not live. If we do not know what the destination point is, then we do not know what points are intermediate points.

Mr. DUNNING: The statement is:

> The above special rates will be withdrawn if it forces reductions generally.

I take that to mean, in case the rates here voluntarily put into force result in a ruling by the board of railway commissioners in future that because of their existence, rates between points on the prairies should be reduced to a similar level.

Mr. ESLING: Mr. Speaker—

Mr. SPEAKER: I think the hon. member has spoken on this already. He can do so again only with the unanimous consent of the house.

Mr. ESLING: I did not get an answer.

Mr. SPEAKER: I must remind hon. members that the house is not in committee.

Mr. BLACKMORE: I think there is no record of my having spoken before on it.

Mr. REID: With all deference to the hon. member, I have just checked up and I find that page 2642 of Hansard shows that he spoke on it, and I was agreeably pleased to hear him say he was in support of this bill.

Mr. BLACKMORE: And I was.

Mr. REID: The reason I was rising to object was—

Mr. SPEAKER: Before the hon. member speaks, I call his attention to the fact that if he speaks now he closes the debate.

Mr. PERLEY: The minister made in respect to the bill of the hon. member for New Westminster a statement which is not correct.

Mr. SPEAKER: The hon. member is out of order. He has already spoken.

Mr. PERLEY: On a point of order, Mr. Speaker, a statement was made a few minutes ago by the minister with respect to the voluntary arrangement brought into force between the provinces and the railway companies with respect to a rate in 1933. The impression was given—

Mr. DUNNING: Is this a point of order, Mr. Speaker?

Mr. SPEAKER: No; it is not.

Mr. PERLEY: The statement is not true; it is not a fact, and I think I am within my rights when I make that plain.

Mr. DUNNING: That is not a point of order.

Mr. PERLEY: I think a statement that is not correct should not be allowed to pass.

Mr. McLEAN (Melfort): What is the statement?

Mr. PERLEY: The statement that in connection with the bill of the hon. member for New Westminster in 1933 the then Minister of Railways advised the board of railway commissioners to bring into force a voluntary agreement between the provinces and the railways with respect to a reduction of rates.

Mr. DUNNING: No, no.

Mr. PERLEY: I have here Hansard of 1933—

Mr. SPEAKER: The hon. member is out of order.

Mr. DUNNING: May I say, on the point of order, that I did not intend to refer to any particular hon. member, I referred to a similar happening. That is what I meant to convey, and I think I did.

Mr. PERLEY: The hon. member for New Westminster suggested that it was on his bill.

Mr. THOMAS REID (New Westminster): Mr. Speaker—

Mr. SPEAKER: If the hon. member speaks now he closes the debate.

Mr. REID: The reason I rose to object when the hon. member for Lethbridge (Mr. Blackmore) began to speak was that I was watching the clock, and it is not the first time we have been accused in the public press of talking out our own bills. I want it distinctly understood that I have no intention of talking out my own bill on this occasion. I thank the hon. member for Lethbridge for his remarks when he last spoke that he was in favour of this bill. But I was surprised at the interjection of the hon. member for Qu'Appelle (Mr. Perley) that he was not aware that he spoke on this bill a few weeks ago, when the fact is that on that occasion he practically ridiculed the bill. The speech of the hon. member appears on page 2640 of Hansard.

Mr. PERLEY: I knew quite well I had spoken. I wanted to correct a misstatement.

Mr. REID: I am going to correct the hon. member on a few things before I conclude my remarks. He is one who needs correcting.

Some hon. MEMBERS: Order.

Mr. REID: Just listen to what I have to say, and if hon. members do not agree with me I shall withdraw anything they do not like. Before dealing with the proposition put before the house by the Minister of Finance (Mr. Dunning) on behalf of the Minister of Railways (Mr. Howe), let me deal briefly with the history of my efforts in this matter, and with statements made, particularly by the hon. member for Qu'Appelle. When he spoke on the bill a short time ago he made two definite statements. On page 2642 of Hansard he is reported as saying, in reference to myself:

> I understand that during the campaign of 1935 he assured the electors in the province of British Columbia that if there were a change of government and his party came into power there would be no difficulty in having the government accept his bill or bring in a similar measure.

The hon. member had better look it up, because he is still doubtful whether he spoke.

Mr. PERLEY: I am not in doubt whether I spoke.

Mr. REID: That statement which I have read I unequivocally deny. The one promise I gave to the electors since I entered public life was one of service to the people. And I do not think any hon. member will challenge my statement that I have endeavoured to carry out that promise faithfully. Let us proceed. The hon. member for Qu'Appelle also said, as reported on the same page:

> In conclusion I wish to say that I am heartily in accord with the hon. member's bill.

I was glad to hear that. To continue, he stated:

> I regret that he did not see fit to support me when I was introducing resolutions providing for practically the same thing as his bill.

In the light of that statement I can well understand his rising to-night and denying that he had spoken already.

Here is the brief but correct history. In 1932 the hon. member for Qu'Appelle moved a motion, and the then Minister of Railways objected to it and practically tore it to shreds. His resolution read:

> That in the opinion of this house the domestic freight rate on grain and grain products moving from any point in Manitoba, Saskatchewan, Alberta and British Columbia to a point in any of the said provinces, or from one point to another point in any one of said provinces, be substantially reduced.

Referring to page 863 of Hansard of 1932, hon. members will find that the member for New Westminster spoke, and my first remark was that I was pleased to support that resolution. Yet the other day the hon. member for Qu'Appelle said I never supported it. But where was he when the bill came in? He was absent when the vote took place. That resolution of his was talked out and the question not put.

Mr. PERLEY: Was the hon. member ever absent when a vote was taken?

Mr. REID: You just take it. You started this and you will now get the truth. Carrying on the history to 1933, we find it is still very interesting. That year he altered the resolution which he introduced, and instead of saying "be substantially reduced" he put it that it be 50 per cent of the differential then existing between domestic and export rates. Well, there was a statement by the then Minister of Railways, Mr. Manion, and the debate was adjourned by two hon. members; at least two rose to move the adjournment. That year a freight rate bill was again introduced by myself, and both the hon. member for Qu'Appelle and the hon. member for Fraser Valley (Mr. Barber) voted against it.

Just to clear up a little matter that, I think, should be cleared up, in regard to what results were obtained in 1933, I do not think it is entirely fair to give the credit to the Minister of Railways of that day, Mr. Manion, for what took place. The hon. member for Kootenay East (Mr. Stevens) put the situation well when he said this bill embarrasses a government. The bill I introduced in 1933 certainly embarrassed the Conservative government, and I do not think I am revealing secrets that should not now be told when I tell the house that if there is any credit to be given it should go to the right hon. leader of the opposition (Mr. Bennett), because he told me personally that if Mr. Beatty would not agree to do something in the way of reducing the freight rates on grain he would do it himself; and at that time he instructed the then Minister of Railways to take up the matter with the railway companies and see what could be done. And let me tell the house that if Mr. Manion had been fighting valiantly on behalf of the people of Canada and particularly of the prairie provinces and British Columbia in the matter of reducing freight rates, I think at that time we might have had mill feeds included as well; but when the railway companies proposed the reduction only in feed grains, he accepted the offer right away, without further protest.

Mr. PERLEY: Would the hon. member permit a question?

Mr. REID: If it is short.

Mr. PERLEY: Does the hon. member not think, if the bill introduced this year had been in the same terms as the bill introduced in 1933, it would have embarrassed the present government as well?

Mr. REID: I think I can deal with that later on. I am dealing at the moment with the history of the matter, and I am dealing with the record of the hon. member, which takes some dealing with, especially when he rises in his place in the house and makes the accusation that I did not support his resolution. That is untrue, and the hon. member knows it. If he does not, I will send him the Hansards.

In 1934 the freight rates bill was again introduced. At that time an amendment was moved by the hon. member for Fraser Valley (Mr. Barber) that the subject matter of the bill be referred to the board of railway commissioners. On that occasion several hon. members took the stand that this was not the place to debate freight rates; that the railway commission was the place for that, and so an amendment was moved. The hon. member for Qu'Appelle and the hon. member for Fraser Valley both voted for the amendment, which was carried by 78 to 44, thus killing my bill. The division, however, came on a ruling of the Chair, not on the bill itself; the resolution was agreed to on division. That year the hon. member for Qu'Appelle did not speak in support of the bill or in support of lower freight rates.

The amendment introduced by the hon. member for Fraser Valley was that the matter be referred to the board of railway commissioners. That resolution, so amended, was agreed to on division; but, Mr. Speaker, it never was referred to the board of railway commissioners by the Conservative government. In 1935 my bill was again introduced. The hon. member for Qu'Appelle did not speak on it, and again he was not in the house when the vote was taken. That year, however, the hon. member for Fraser Valley voted for the bill, though previously he had voted against the same bill. I do not suppose the impending election of that year had any bearing on the fact that he voted for the bill at that time.

Mr. BARBER: This is for consumption in your own riding, I suppose.

Mr. REID: I will take you one at a time. It is just about time somebody got after you two members, because you have been making statements in this house—

Some hon. MEMBERS: Order.

Mr. REID: I am sorry they cannot stand it very well, but now the truth is coming home. To proceed further, in 1936 there was a resolution introduced by the hon. member for Qu'Appelle, and for the third time there was a change. His resolution read:

That, in the opinion of this house, the domestic freight rate on grain and grain products moving from any point in the provinces of Manitoba, Saskatchewan, Alberta and British Columbia to a point in any of the said provinces, or from any point to another point in any of the said provinces, be adjusted or reduced to at least not more than three cents per hundred pounds over the existing export rates.

Three times he introduced that resolution, and each time it was different. Evidently he really did not know what he wanted in the matter of a reduction in freight rates, as is evidenced by the changes in the resolution.

Mr. PERLEY: Will the hon. member tell us just what happened to that resolution?

Mr. REID: You sit down. I haven't time.

Mr. PERLEY: Just tell us what happened to that resolution.

Mr. REID: Yes, I will tell you; I am going to.

Mr. PERLEY: It was ruled out of order.

Mr. REID: I am going to tell the exact truth. I am not like you; I will keep to the record of Hansard.

Some hon. MEMBERS: Order.

Mr. PERLEY: I appeal to the Chair; I think the hon. member should withdraw that remark.

Mr. SPEAKER: What is the point of order?

Mr. PERLEY: The point of order is that the hon. member should withdraw the statement that I was not telling the truth.

Mr. SPEAKER: I do not think the hon. member meant that.

Mr. REID: I mean that when the hon. member spoke the other evening and said I did not support his resolution, he did not keep to the record. That is as far as I can go, according to the rules.

Let us proceed. The motion was ruled out of order on division; objection was taken under the rules of the house because it was similar to the freight rates bill. The hon. member for Qu'Appelle was asked by the hon. member for Winnipeg North Centre (Mr. Woodsworth) which had been on the order paper first, the bill or the resolution. It is true that the resolution was sent in some time before the house met; but my bill was placed here immediately after the previous session and could not be placed on the order paper until after the house met, so the hon. member could say that his resolution was first on the order paper. Under the rules a resolution can be printed the first day, while a bill cannot. The speakers on that occasion were myself, the hon. member for Outremont (Mr. Vien), the hon. member for Comox-Alberni (Mr. Neill), the Minister of Transport, the hon. member for Fraser Valley and the hon. member for Souris (Mr. McDonald). At that time the hon. member for Qu'Appelle was silent, but I notice that though, by the amendment moved by the hon. member for Fraser Valley in 1934, I had been advised to go to the board of railway commissioners, the hon. gentleman keeps chiding me because I took that advice and went to the board. However, that is just the way they act; I have more important things, however, than that to say, and I see the time is going by.

Reference has been made to appeals to the board of railway commissioners. I have brought this matter into the house because we find it useless to go to the board of railway commissioners and ask for a reduction in freight rates on grains to the province of British Columbia. It is interesting to note that a change is now taking place, and if the transport bill passes the board of railway commissioners will become the new transport board. When the railway commission was appointed it was set up to protect the public of this country; the new bill, however, in my opinion is going to protect the railway companies, which is an entirely different matter. What chance of success shall we the public have if we go to the new transport board for a reduction of freight rates, when their duty is to protect the railway companies instead of the public? So I have no apology to make for bringing this matter up in this house.

In 1925 the house dealt with this very question but omitted to put in a clause which would have given British Columbia the same equal treatment that the other provinces have enjoyed for many long years. This has placed on the people of British Columbia a greater load than is borne by the people of most of the other provinces. Even in our flour requirements we pay $450,000 a year more than is paid by the other provinces. The estimated population of British Columbia is 700,000 or more. The estimated amount of wheat required for each individual is five bushels. That means 160,000 tons, and with a differential of $4.30 in favour of the domestic rate it means $450,000 more for flour requirements alone.

I have not time to go into all the matters I should like to deal with, because I do not want to be accused again of talking out my own bill. The railways require traffic these days, and I know of no better way to get it than by encouraging the movement of grain to British Columbia so that the poultrymen and dairymen of that province may produce more eggs, poultry, butter and cream. We have lost a great market in the old country; we are sending only one-half of one per cent of their total requirements in eggs. The British market takes 240,000,000 dozen eggs a year, but last year Canada only supplied approximately one and a half million dozen. In 1928 the railways received $298,000 in freight on eggs alone leaving the province of British Columbia for other markets, whereas last year they received only a total of some $7,000. In 1927 the number of laying poultry in British Columbia amounted to 2,750,205, whereas in 1936 the number had dropped to less than 1,500,000. In 1927 we produced 27,500,000 dozen eggs, whereas in 1936, the latest year for which I have the figures, the number had dropped to 15,800,000 dozen.

I should like to mention one point here. Perhaps this may be not pertinent to the discussion on my bill, but I believe it should be brought to the attention of the house. British Columbia is bringing in this year, and brought in last year, many bushels of wheat. They brought it from Yakimo, a distance of 634 miles, to Cloverdale, near my own home town, at the rate of 34 cents per 100 pounds. That comprised No. 2 and No. 3 grades of wheat. And, note that it was brought in from across the line. We might also commence to grow in the province of British Columbia, and particularly in the Fraser valley, hard wheat. In my own constituency we have the world's champion grower of hard wheat who won the Chicago world's championship last year. The gentleman's name is Mr. W. G. Gibson, and I have a sample of his wheat in my hand. It is called Reward, and those who have sampled or looked at it, including the Minister of Agriculture (Mr. Gardiner), believe it is harder than the wheat grown on the prairies. Bear in mind that this wheat was grown at sea level, right at the coast, and that is something unprecedented in wheat production. I think it is only right and fair that some honourable recognition be given to the man who produced this fine quality of hard wheat, Mr. Gibson of Ladner.

Mr. Speaker, my time is passing, and I should like to conclude what I have to say.

Mr. PERLEY: You had better hurry; you have only a short time to withdraw.

[Mr. Reid.]

Mr. REID: Yes; you are now at your usual interjecting. No matter what claims have been made by Conservative members in connection with the rates given on feed grain by the railways in 1933, I maintain that the bill introduced by myself had considerable effect on what was done in that year. My bill had to be voted on, whereas the resolution of the hon. member for Qu'Appelle was disposed of by being adjourned or talked out, and was therefore not so embarrassing to the government.

Mr. PERLEY: It got results, though.

Mr. REID: It was a concession to my bill, and has saved the people of British Columbia a considerable sum of money. Mill feeds might also have been included in the same manner, had the then Minister of Railways demanded that they be put in the agreement. The proposal to include now mill feeds and carry them at the same freight rate as feed grain, while it is not as much as the people of British Columbia would like to obtain, still it is a considerable concession, and I believe it would be much better to accept what has been offered than to refuse the bill altogether. As mill feed constitutes fifty per cent of the feed requirements of the poultrymen and dairymen of British Columbia, the proposal will mean an annual saving of approximately $100,000. I am disposed tonight to accept that proposal. It will also mean a saving of around $5,000 annually to the members of Fraser Valley Surrey Farmers' Cooperative Association. It will certainly mean a considerable saving to the 600 members of that association.

It has been a long battle to obtain what has been accomplished, but I believe the fight has been a worth while effort on behalf of the people of the province. I wish to say tonight that in agreeing to withdraw the bill I am not agreeing to discontinue the fight. I am willing to accept half a loaf, so to speak, in the belief that it is better than no bread. The saving of $100,000 annually is certainly, I must say, a worth while concession in the meantime. But even that is not what the people of British Columbia want.

Had I had time I should have liked to go into the loss to the railways. It has been pointed out that the freight rates in the United States are higher than those in Canada. I should like time to meet that argument, because I dispute the statement to that effect made by the Minister of Transport. May I give one instance of what is taking place right now, to show where we are losing a great deal of trade because of high rates in

Canada. I have before me an invoice of a piano shipped from Toronto to Vancouver. That piano weighing 550 pounds was sent at the regular freight rates, and the freight bill amounted to $33. The same company brought a grand piano from the same point, namely Toronto, shipped it by way of Chicago and Seattle, then completed the shipment by re-shipping by regular freight rates to Vancouver. The grand piano weighed 700 pounds, or 150 pounds more than the other, but it was carried the whole distance at a cost of $19, as against $33 over the Canadian route.

I have in mind another case which will perhaps be known to the hon. member for Fraser Valley. The greatest rose grower in British Columbia, Mr. H. M. Eddie, possibly the greatest in Canada, who lives in the constituency the hon. member represents, wanted to ship rose bushes from that point to eastern Canada, and particularly to Toronto. He was quoted a rate of $3.58 per 100 pounds by the Canadian railways, and the United States railways quoted a rate of $1.58 for the same distance. The United States railway landed them in Toronto at that rate and in about the same time. I mention these facts to show that it is about time we reconstructed the rate structure, and had something more in keeping with the times.

I am sorry I have not more time to develop further arguments, because I had much more to say, but I realize it is almost nine o'clock and I am afraid that again I might be accused of talking out my bill.

The SPEAKER: Is it the pleasure of the house that the hon. member have leave to withdraw his bill?

Mr. SENN: No.

Some hon. MEMBERS: Carried.

Mr. SPEAKER: The bill will be withdrawn.

Mr. DUNNING: Discharged.

Bill withdrawn.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF MINES AND RESOURCES

Lands, parks and forests branch—To provide for expenses in connection with the determination of boundaries of ordnance and admiralty lands in the province of British Columbia, $3,000.

Hon. T. A. CRERAR (Minister of Mines and Resources): Mr. Chairman, we were considering this item when my progress in connection with the estimates was interrupted. I had given an explanation of the item.

Mr. STIRLING: I think I was asking the minister with regard to the location of these lands, and he had said that the delineation of boundaries was an old matter. I wonder where the difficulty lies in connection with boundary delineation? There must be some plans. Is there difficulty in connection with actually laying them out on the ground?

Mr. CRERAR: I am informed that the procedure involves a search of old records and old titles that are in the records office of the legislature of British Columbia. Altogether there are now fifty parcels; originally there were 170 parcels.

Mr. SENN: In British Columbia?

Mr. CRERAR: In British Columbia altogether, and there are about fifty of them left. We hope to make some progress with the matter this year; in fact, we had hoped to make some progress last year and did not, and consequently we have this item in the estimates again this year to cover the expenses deemed necessary in clearing the matter up. I hope I may be able to report to the house next year, if I am still responsible for this department, that the matter has been disposed of.

Mr. SENN: The statement just made by the minister brings up a question about which I had a word or two to say last year. The minister has told us that originally there were over a hundred parcels in British Columbia, and that now there are approximately only fifty. Evidently some of them have been disposed of in the meantime. I know that in Ontario applications have been made from time to time to the department for the purchase of some of these ordnance lands which lie along the shores of the great lakes, and the minister was quite firm at that time that there was no chance and no inclination on the part of the government to dispose of any of these lands. In Ontario there have been disputes over the boundary lines because these lines lie adjacent to farmers' property. Whether these ordnance lands have been encroached upon or whether the boundaries have never been clearly established I cannot say, but I would ask the minister why, if ordnance lands have been disposed of in British Columbia, it is impossible for applications for ordnance lands in Ontario to be granted at any time.

Mr. CRERAR: These were disposed of in British Columbia years ago. I am not at the moment familiar with any difficulty in Ontario.

Mr. SENN: I do not know that at the moment there is any difficulty over boundary lines.

Mr. CRERAR: My information is that there is not; but these cases in British Columbia are still outstanding, and we think their land department has been rather dilatory in doing its part. Perhaps this may be regarded as unfair criticism. I do not so intend it. As I have said before, I discussed this matter with the premier of British Columbia when he was here recently, and we hope to make some progress this year.

Mr. STIRLING: Does the minister expect eventually to dispose of these lands, or is this merely for the delineation of the boundaries?

Mr. CRERAR: This is to get the boundaries determined and the titles cleared up. After that, the question of what might be done with these lands will be considered. There will also be the question, I am advised, of their need or suitability for defence purposes. But the problem at the moment is to get the boundaries and the titles cleared up.

Mr. STIRLING: Is some of it city property?

Mr. CRERAR: I am advised that none of these lands is in that category now. There were some in the past but the province disposed of them, but the titles to these parcels have yet to be fully cleared up. Quite frankly, I think it is a matter that should have been settled years ago.

Mr. SENN: My reason for speaking on this item, Mr. Chairman, is that along the north shore of lake Erie and lake Ontario, but lake Erie particularly, there is a number of summer cottages strung all the way along the lake shore, and in many places there is ordnance property which would make an excellent site for a summer cottage, but the department in the last few years has consistently refused to make any arrangements for the sale or transfer of these properties. My idea was that in case of war or these properties being needed by the government for some purpose, they could be expropriated if necessary, but in the meantime they are lying idle and are overgrown with weeds which are more or less a menace to the neighbourhood. It would be much better if the department would take into consideration the disposal of such of these properties as are not necessary for ordnance or defence purposes.

Mr. CRERAR: I shall be very glad to take the suggestion of my hon. friend into consideration. At the moment there are no questions at issue so far as I know.

Mr. SENN: I have had applications, not this last year, but within the last two or three or four years, from people who were anxious to purchase and were unable to do so.

Mr. CRERAR: We are not selling ordnance lands, and that has been the policy not only of this government but, I think, of preceding governments; but I am advised that a lease may be granted on these lands, and I suppose that applications for the lease of some particular piece of property for the erection of a cottage or for some other purpose would be considered. My hon. friend says he made reference to the question last year, but this is really the first I have heard of it. There is in regard to these ordnance lands in Ontario no difficulty such as I mentioned in connection with the lands in British Columbia.

Mr. SENN: My only reason for mentioning the matter was that the minister had said that there had been over one hundred parcels of these ordnance lands in British Columbia, and now there were only fifty. I supposed some had been disposed of, and I wondered why one province was being treated differently from another.

Mr. CRERAR: There has been no change in the situation in British Columbia for many years. These lands originated, I dare say, even before the provincial government was formed, away back in the time of Governor Douglas in British Columbia. The matter has dragged along and really should be cleared up. I do not know that I can add anything further.

Mr. ESLING: Would the minister tell us if the title to the foreshore of navigable rivers is vested in the federal government or in the province, and is there any difference between such lands in front of municipalities and those in front of unorganized territory? To be more explicit, take the Columbia river, which is a navigable stream. In which government is the title to these foreshores vested?

Mr. CRERAR: That lies wholly, I think, with the province of British Columbia. The Columbia river flows through that province; they own the land on either side of the river and, I think, the foreshore rights as well.

Frankly, I am not familiar with the legal position of the matter. But my information now is, and certainly my impression is, that in the case cited by the hon. member the foreshore rights would lie with the province of British Columbia.

Mr. NEILL: Does the riparian owner not own out to the middle of the stream or creek or river?

Mr. CRERAR: Yes; I should think probably he would. I do not know whether that answers the point raised by my hon. friend. If a riparian owner has bought a river lot in British Columbia, I suppose under provincial law that would carry certain rights out to the middle of the stream, but the authority to dispose of that lies, and has lain in the past, with the province.

Item agreed to.

National parks bureau—National parks and historic sites services, $1,383,500.

Mr. CRERAR: This is a general item dealing with the administration of all the national parks in Canada. There are now altogether about twenty of these national parks established, embracing an area of roughly 12,500 square miles. The purpose of this vote is to pay for the administration costs of the parks, and improvements within the parks such as maintenance of roads and, in some instances, the construction of new roads. The increase as indicated in the estimates arises in the same way as one or two other increases I referred to earlier on other items: that is, we have included in the estimates this year for national parks considerable sums which heretofore were either in special supplementaries or, under the late administration, under the Public Works Construction Act. After we combine all the figures there is an actual decrease in the vote as compared with a year ago. That, of course, does not include the supplementary estimates which were tabled this afternoon.

Mr. SENN: Would the minister give us the number of historic sites? He mentioned the number of parks. I imagine that will include the historic sites as well.

Mr. CRERAR: I find in the report of the lands, parks and forests branch for the year ended March 31, 1937, that at the close of the fiscal year 1936-37 a total of 239 sites of national importance in Canada had been acquired by the department. Of this number 235 have been marked by the erection of suitable memorials on the recommendation of the historic sites and monuments board of Canada.

Mr. SENN: Is that pamphlet available for anyone who desires it?

Mr. CRERAR: Oh, yes. It is an annual report of the lands, parks and forests branch. It is incorporated in the report of the Department of Mines and Resources. There is a great deal of useful information in that report.

Mr. MacINNIS: When can the minister give any information about the Garibaldi park area near the city of Vancouver, British Columbia? I understand that area was offered to the federal government for a national park some seven or eight years ago. Has it been accepted as a national park area?

Mr. CRERAR: No. Garibaldi park is, I understand, a provincial park under the control of the provincial government. Suggestions have been made that it might be taken over by the federal government and incorporated in the national parks of Canada. It is an interesting suggestion, and some day, probably, it will be acted upon. But, after all, in the development of national parks we have to cut our coat according to the measure of our cloth. The decision was reached a few years ago to establish a national park in Nova Scotia, and development in that park is taking place now. Prior to that, parks were established in Manitoba, and in Saskatchewan north of Prince Albert, within the last ten years. The development of national parks is progressive. Obviously, as I stated a moment ago, we must have regard to the amount of money we have available to spend for this purpose. I should say that some time in the future—I am not going to predict when—the Garibaldi park proposition might be considered. I know the view is held, particularly in Vancouver, that Garibaldi park would be a desirable acquisition for the national parks system of the dominion. But according to our information quite a considerable amount of money would be needed to make any appreciable development in the park, principally in the way of constructing roads to it, as well as carrying on other necessary developments. At the moment we are not in a position to undertake that development.

Mr. MacINNIS: I quite understand that the government could not take over and develop all the land which might be available for national parks in the dominion, and that development must necessarily be fairly slow, but I believe there are, in connection with this area, circumstances that the government should take into consideration in the very near future. The late Doctor Tolmie, when he was premier of British Columbia,

definitely offered the area to the federal government to be developed as a national park. It is one of extremely fine scenic beauty, and it is only about fifty miles from Vancouver. As a tourist attraction so close to the largest city in British Columbia, I do not suppose there is anything else to equal it. I hope the minister's department will give consideration to it, as there is a strong desire in British Columbia, and particularly, as the minister himself said, in Vancouver, to have this area opened up as a park.

Mr. CRERAR: We shall be glad indeed to give consideration to the suggestion of my hon. friend. I might point out to the committee, though, that there are already four national parks in British Columbia: Kootenay park, the Yoho, Glacier, and the park at Revelstoke. These embrace altogether an area of about 1,700 square miles. And we have requests for the establishment of national parks in provinces in which there are not any. The hon. member for Leeds (Mr. Stewart) was urging this afternoon consideration of the establishment of a national park in the area along the St. Lawrence river below Kingston. Well, Ontario has a few, small national parks. There is a small park at Point Pelee, which is the most southerly point in Canada on lake Erie, and there are the islands in Georgian bay which belonged originally to the Indians and were secured from them many years ago for national park purposes, and the islands in the St. Lawrence river. Quebec has not yet a national park, although the Quebec government has broached the question of establishing one. New Brunswick has not yet a park, although the matter of selecting a site is under consideration. When there are four national parks already established in British Columbia and none in some of the other provinces, my hon. friend will appreciate some of the difficulties that we would face if we attempted to ignore New Brunswick, for instance, or Quebec, and proceeded to establish a fifth park in British Columbia. I know that he will appreciate the problem which would face the administration in that respect and I hope he will sympathize with me.

Mr. McGEER: I suppose the reason why the department cannot assume responsibility for developing Garibaldi as a national park is not merely the fact that there are already some other parks in British Columbia, but that the limit of the financial resources allowed by the government to the department has been reached. May I take this opportunity to direct the attention of the department to two matters. In the first place, I would point out that the parks in the Rocky mountain and Selkirk mountain areas were never developed as British Columbia parks. They grew out of a great conception that Sir William Van Horne had that those parks would be a real asset to the Canadian Pacific railway, and then the idea was copied into Jasper park, not as a British Columbia park but as a park that would be a real acquisition in the development of traffic for the railways. The fact is that there are no national parks in British Columbia in the sense that national parks are established in other places.

With regard to the question of finance, it seems more than strange that, when we realize that through national parks can be sold to the greatest advantage Canada's chief export asset, namely her tourist trade attractions, some recognition of the tourist trade of Canada is not given in appropriating moneys for the development of further tourist trade attractions. The figures indicate that out of a total revenue of some $300,000,000 from tourist trade there is an actual profit to the dominion of somewhere between $160,000,000 and $180,000,000. I venture to say that this favourable balance, which is so essential to a nation carrying so heavy a load of foreign debt, would not exist at all if it were not for the park facilities and the natural attractions that Canada enjoys at the present time.

There can be no good reason why a nation that enjoys a revenue of $300,000,000 a year from the tourist trade cannot appropriate to the development of national parks and of highways leading to them, the funds that are necessary to make them as attractive as possible. As a matter of fact, the policy which is being pursued here is one that is probably costing the dominion anywhere from $200,000,000 to $500,000,000 a year, because it is a policy which persistently refuses to recognize the fact that Canadian credit can be properly and safely invested in the development of those Canadian assets which will increase foreign revenue and develop revenues from abroad. I happen to be interested in Garibaldi park because it affects, by reason of its lack of development, the economic life of the city of Vancouver and of a substantial portion of British Columbia. Today, for want of the kind of attraction that Garibaldi would offer, thousands upon thousands of Canadians from Vancouver and British Columbia generally are now going across the boundary line and finding that entertainment both in summer and in winter in the great parks of Mount Baker and Mount Rainier in Washington. That drift southward will show, I think, that British Columbia of all the provinces of Canada has an adverse

balance of tourist trade. I am confident that, if Garibaldi park were opened and developed as it could be, instead of Canadians going south by thousands they would find better entertainment in that park than they can get elsewhere, and because of that thousands upon thousands of United States citizens would come north where we to-day are going south.

There is another reason why Garibaldi should be developed. The government, quite wisely I think, has recognized the fact that to serve the 130,000,000 people in the south who own and operate some 28,000,000 automobiles, it is good business for the administration to cooperate in building highways through gateway points into various sections of the dominion. If we could get a highway connection from the boundary line at Blaine, through Vancouver, across the First Narrows bridge now being built by private capital, and up Howe sound to Garibaldi park, recognizing that as the first link in the Alaska highway from the southern boundary line, we could show the government a possible revenue in tolls if it were necessary, and certainly in the way of tourists from the south, which would make it a good, sound, self-liquidating investment and turn an adverse balance of trade into a favourable one. I should like the minister to take up the question with his colleagues, and particularly the Minister of Finance, and ascertain why it is that this nation of ours, richer in proportion to its population than any other nation in the world, cannot find the means to develop those attractions which are essential to the advancement of our international trade. Why is it that nations like Germany and Italy can find money without limit to finance an aggressive program of armament, while we Canadians cannot find a few million dollars for the development of our national parks and roads? There is no good reason why any Canadian should look either to the soviets or to Germany or Italy for lessons in finance. Let us forget the dictatorships and ascertain from our own Department of Finance why it is that Great Britain, hopelessly bankrupt in 1931, to-day can stand forth and meet the threats of almost the whole world ranged against her and finance a great program of social reconstruction, of rehousing, of national defence, carrying her obligations clear out to the enormous Singapore base in the far east. If the 45,000,000 English people can do what they are doing, why have we to stand shivering in impotence, unable to develop assets like Garibaldi park in British Columbia, which are just as necessary in the interests of Canada and of every province from ocean to ocean?

The time may soon come when we in Canada must look at what is going on elsewhere in the world, and particularly in Great Britain, Australia and New Zealand. Our Canadian people are not going to remain satisfied with answers such as we have had to-night. With our government in possession of all this wealth, boasting of a favourable trade balance of hundreds of millions of dollars, of a favourable balance from tourist trade last year of $160,000,000 odd, and more this year, I am satisfied that our Canadian people will not accept as reasonable the statement that we have not the money to put our unemployed men, who are ready and anxious for employment, to work in developing the kind of thing that experience and records of performance prove will pay and pay well. We have no reason to be afraid of the future, unless those in the seats of government have lost confidence in the possibility of future development of this nation's wealth. If the government lose faith in the nation, it is impossible to expect others to have confidence.

But I do congratulate the Department of Mines and Resources upon the splendid work it has been doing and the splendid results it has achieved. I venture to say that, of all the things accomplished, the opening up of roads and trails and the development of highways from the international boundary to our national parks has given the best kind of employment and been probably the best practical service, not only in eliminating immediate unemployment but in removing unemployment as a continuing evil, of any step this government has taken. My hope is that, in view of the splendid results which have been achieved, those of us who have faith in the great program the minister is carrying out will rally to his support and do all we can to guide the Department of Finance out of that swamp of financial ignorance in which it seems to be lost.

Mr. HANSELL: How much of the roads in the Banff national park and the Waterton lakes national park is hard surfaced?

Mr. CRERAR: So far we have no hard-surfaced roads within these park boundaries.

Mr. HANSELL: I would not criticize the type of roads that are in the two parks I have mentioned. I have been over nearly every road in the Banff national park except the one now being constructed up to Jasper—

Mr. McGEER: Do not miss that; that is the best.

Mr. HANSELL: I hope it will be. The roads are in good condition; but there are, and will be every year, spots in them that

need considerable repair, because notwithstanding the fact that the roads are graveled and well scraped and oiled, they do deteriorate. There was a time when tourists and citizens going into those parks used to talk about the terrible roads until one got to the gates of the parks, and then one could depend upon the roads being good. But now the picture has to some extent changed. As far as the Alberta side of those two parks is concerned—and some credit is coming to this government for the assistance they have given—the road from Calgary into the Banff park is now hard surfaced and is a splendid road. When you come to the gate of the park the road is fair to good, but not hard surfaced. If you are going into the Waterton lakes park from the east or northeast, the road is now hard surfaced from Macleod into Pincher Creek; from Pincher Creek on the road is fair but not hard surfaced.

Following the remarks of the last speaker concerning the tourist trade, I suggest to the minister that I believe no better circle tour could be found, from the many points of view I have in mind, than the one from Calgary through to Banff and down the Windermere highway, and return by way of Macleod and Lethbridge. You can take a number of side roads if you wish; but the route I have in mind is through to Cranbrook, east through the Crowsnest pass, visiting the Waterton lakes national park, then up to Macleod or through by Cardston and Lethbridge and back to Calgary. I believe that is one of the most wonderful tours in Canada, from the standpoint both of scenic beauty and of what one might learn of the wealth and industry in different parts of this territory. From Calgary west through the Cochrane district there is a most wonderful ranching country, with eighty or ninety miles of good, hard-surfaced road. We know what is at Banff; that has been well advertised, and I shall have something to say in that connection later on. The road through the Banff national park and down the Windermere highway certainly is beautiful, and I want to compliment the minister upon the continual improvements that are being made in various projects within the park. Then, coming through the Crowsnest pass, we get a glimpse of the coal mining industry of Alberta. It is in the mountains, but tourists are interested in other things than scenery. If you go through to Pincher Creek, down to Waterton Park and back again either by way of Macleod or through Cardston and Raymond, you go through a magnificent stretch of farming country. I would even go so far as to mention that it has been said that the Mormon temple at Cardston is one of the unique buildings in the British Empire. Certainly it is a point of interest. Then there is the Raymond sugar factory, which is another point of interest, as well as all those irrigation projects in and around that district. If one wanted to take a little side trip from Lethbridge into the Taber district he would see a canning factory, and it is no little two by four factory. They can put out vast quantities of fruit and vegetables from that place. If you go north towards Calgary again, whether you take the route by way of Macleod or by way of Lethbridge, you will go through one of the greatest wheat growing areas you could find anywhere. It has been said that in the Champion-Vulcan district, and to the north, as much wheat can be produced from a given area as can be produced anywhere in the world. Of course, in the last few years we have experienced a good deal of drought there, but in good years, Mr. Chairman, we can certainly grow wheat. In Vulcan, which is a small village, there are nine large elevators. In Nanton, which is about the same size, I think there are about nine elevators also. I should not forget to mention that before entering Calgary you can go through the famous Turner valley oil fields. That is a sight to behold, a sight that any tourist coming to Canada will love to see. This is a circle tour within which you find all these points of interest.

I should like to say another word in this connection. I have not received a copy of the supplementary estimates, but I notice the Evening Citizen mentions that in them $40,000,000 is provided for public works. Perhaps we can discuss that at another time; but I would say to the minister, and to the Minister of Labour, that there could be no more profitable project undertaken in Canada than to see that the highways in that circle tour are hard surfaced. I realize that this is partly a provincial responsibility; but if the sum of $40,000,000 is to spent on public works in an attempt to put the unemployed to work, I believe the government would be well advised to spend some of the money right there. They would get it back in a few years, through the tourist trade that would come to this country.

I should also like to compliment the minister upon that project in the Banff national park known as the "Cascade of Time." I fancy that project comes under this department rather than under the town of Banff. Of course, at the present time it is not much more than a beautiful garden; but a good deal

of work is being done on it from year to year, and certainly it is becoming a real beauty spot.

Before resuming my seat, I should like to ask the minister if he is able to give the committee any information as to whether or not some of the money that is to be spent for public works—I am talking now of the $40,000,000—will be spent on the roads I have mentioned. Would the minister care to make a pronouncement on that point? I know it is pretty early to say very much about it.

Mr. CRERAR: No; at the moment I am not in a position to make any definite statement in that regard; but doubtless my hon. friend will get the information in good time, when the supplementary estimates are under consideration. This year we are planning to do some hard surfacing in Banff, and also to carry on with the work that has been in progress for a few years now, designed to create a hard-surfaced highway from Kingsgate north to Cranbrook and into the park system at Radium Hot Springs, then out to Calgary over the road my hon. friend has mentioned; from Calgary south to Waterton lakes and on to the Glacier national park in the United States. We are making progress with that. I quite realize the importance of the point raised by my hon. friend as to the value of hard-surfaced roads for tourist traffic; I think there is an increasing realization of the importance of such roads. I have no doubt we shall progress steadily and, I hope, fairly rapidly, in the future in the creation of these roads.

Mr. HAYHURST: What has been said to-night rather reminds me of what was said yesterday: Each man for his own part of the country. It would seem that the members from the maritimes have not yet spoken on this subject, and I know they are anxious to do so. We have heard members from central Canada, from the prairies and some from British Columbia. As hon. members know, the greatest and most beautiful road in the world is now under construction, namely the road from Jasper to Banff, following the Columbia glacier. It presents the most magnificent scenery, so far as mountains are concerned, and would connect with the road system to which the hon. member for Macleod (Mr. Hansell) has referred. It also connects with the Jasper highway which goes directly to Edmonton.

Yesterday we heard a great deal of talk regarding the amount of money used for advertising in the United States and Great Britain to bring people to Canada to see the beauties of this country. From letters I have received from both the old country and the United States, I am certain a large number of people are waiting the completion of this road which would go from Jasper to Lake Louise, following the ice-fields. I would ask the minister when he thinks the road would be completed, because I believe the work done on that road would prove most profitable in the near future through the number of people it would bring to that part of the country. Not only would it carry tourists, but it would also accommodate geologists and scientists. I know that at one time while I was in the mountains a thousand students came from the various universities of the United States to study geology, the ice age and so on. The road runs right along the great glaciers and, as I have said, it presents the most magnificent scenery in the great Rocky mountains system. I speak from knowledge, because I believe I have travelled from Utah north, through most of the mountains in the great Rocky mountains chain, and also along the coast range. If the minister could have the work completed quickly, it would prove most beneficial to that part of the country. Probably he is in a position to give the committee some information with respect to the road from Jasper, following the Columbia glacier to Lake Louise.

Mr. BLACKMORE: Hon. members in this section of the house do not wish to monopolize the attention of the committee, but I must remind hon. members that Alberta has a tremendous number of scenic beauties. We must not allow anybody to forget that, not because we wish to boast about it but because those beauties are a great national asset. I believe there are more parks in Alberta than in any other province. We are strategically located, particularly because we are near the Yellowstone national park. People come from all parts of the world to visit the Yellowstone park, from which with modern automobiles it is not a difficult or forbiddingly long trip to Glacier park. If there were a hard-surfaced road from the border towns of Coutts and Carway into Lethbridge and Cardston, it would invite many tourists who are now turned back as soon as they look across the Canadian border and see roads which yield dust. So important is this matter that I am taking it upon myself to burden the committee a bit to-night by adding a third voice from Alberta urging that something be done soon. A good many people—and I do not include members of the house—do not realize that the tourist trade affects our trade balance.

Mr. DUNNING: No, not our trade balance; it affects our balance of payments. That is a different matter.

Mr. BLACKMORE: Yes; but there is an international balance between nations which is affected seriously.

Mr. DUNNING: Of payments.

Mr. BLACKMORE: Which is our chief anxiety.

Mr. DUNNING: One of them.

Mr. BLACKMORE: In the last analysis it is the balance of payments which bothers us, and here is an excellent opportunity of overcoming what might become an adverse situation for Canada. Inasmuch as in this very year there are grave indications that we may have very trying times economically before we come together again, it might be worth while to readjust our plans to some extent this year so as to permit of the finishing of these roads from Coutts and Carway. It is not very far from Coutts to Lethbridge or from Carway to Cardston, and it would not be difficult to hard-surface the Kennedy creek cut-off road, which is another scenic attraction. I believe no expenditure in Canada would bring greater returns, unless it would be that particular portion mentioned by the hon. member for Vancouver-Burrard (Mr. McGeer), a portion with which I must admit I am not familiar.

I wish to add my voice to those which have been lifted in commendation of the efforts of the minister. So far as I have been able to find out, I believe, considering the money he has had at his disposal, he has administered his department very well. Nevertheless, I feel we will strengthen his hand with his fellow colleagues if we state that he needs even more money for the development of these roads and the encouragement of the tourist industry in Canada.

Mr. DUNNING: I wish to say just a few words which may be as much out of order as the remarks which cause me to make them. I gather that in the previous discussion the hon. member for Vancouver-Burrard indicated that many desirable things could be done if it were not for—and I am not sure that this is the exact language—an inadequate Minister of Finance, and that he and other hon. members in the house would undertake to help the Minister of Mines and Resources in bringing about a reformation in that regard. In that connection I merely desire to point out that reformation is a very easy matter, if the hon. member for Vancouver-Burrard is speaking for any substantial number of members on the government side of the house, or, in fact, for any substantial number of members in the house. We still have responsible government in this country. The financial affairs of the country must be conducted in accordance with the principles of responsible government.

I do not believe that in those remarks the hon. member for Vancouver-Burrard spoke for any considerable number of members supporting the government. Further, I do not believe that he spoke for the people of Canada. It will be very easy, Mr. Chairman, to discover either of those things. The hon. member has an opportunity of demonstrating the extent of the support which he could get for getting rid of the present Minister of Finance and the present financial methods of the country, and I hope he will attempt it, because then we shall have the house clearly on record as to whether the somewhat vague proposals of so-called financial reform, which I personally regard as financial reaction and not financial reform, should be applied in the proper constitutional manner by the government of Canada.

So far as I am concerned, I do not count. At this time I have a responsibility. It is not a responsibility which any man would seek in these times. It is a responsibility which I feel very keenly because of the debt I conceive I owe to Canada. In discharging it, I discharge it according to my conscientious belief as to what is best for Canada. But it is the function of this house to decide what is best for Canada; it is not my function or that of the hon. member for Vancouver-Burrard. This house having decided what is best by way of financial policy, then the man who occupies the position which I occupy should be in accord with that policy. I am in accord, naturally, with the policy at present being followed.

Mr. LANDERYOU: Not in Alberta.

Mr. DUNNING: In the Dominion of Canada. Most certainly I am not in accord with the policy being followed in Alberta. But I am not responsible to the people of Alberta, as a province. I am responsible to them merely through their representatives in this house, in the same manner as I am responsible to the people of Canada through all the other representatives in the house. If at any time, which I would sincerely regret in what I believe to be the best interests of Canada, my hon. friends opposite who now occupy a few seats in the far corner should occupy the majority of seats in this house, they would expect to have a man sitting here who would carry into effect the policies in which the majority of that house believed. I am sure they would. I sincerely believe

that I am putting into effect, and the government on my advice is following in matters of finance, a policy which is in accord with the wishes of the majority of members supporting the government in this house, and, indeed, far more than that. But I rose simply to say that there is an easy way to demonstrate whether or not that is the case.

Mr. McGEER: In my few remarks this evening I regret very much that I have precipitated what appears to be a crisis in the government.

Mr. DUNNING: No crisis in the government.

Mr. McGEER: I would never have thought that Garibaldi park would have figured so prominently in the politics of the dominion as that. I do want to take this opportunity of complimenting and congratulating the Minister of Finance (Mr. Dunning) upon the courageous and magnificent way in which he defends his conception of what his responsibilities are to this house, to his government, and to the people of the Dominion of Canada. But may I offer the suggestion, Mr. Chairman, that upon this question of public finance there may be good reasons why men even on the same side of politics may differ in the interpretation of the policy upon which this government was elected. It seems to me that I remember standing before my own electors, speaking throughout the province of British Columbia, and declaring that we were going to establish a reformed monetary system under which we were going to issue currency and credit through a national bank in terms of public need.

Mr. DUNNING: Which we are doing.

Mr. McGEER: And in terms of the social, economic and domestic needs of this nation.

Mr. JOHNSTON (Bow River): Ninety per cent of the Liberals thought that.

Mr. McGEER: I want to say to my friends on the other side that I never knew of any suggestion on our part that we were only going to give national credit away for nothing.

The CHAIRMAN: Order. Will the hon. gentleman take his seat for a moment? I think this discussion is entirely out of order. It is quite true that the hon. member for Vancouver-Burrard did bring in the monetary question. The Minister of Finance was not in his seat, and later he made a short reply, but this is not the time for this discussion. We are on the item, national parks bureau—national parks and historic sites services.

Mr. McGEER: And the financing of them, as I understand, Mr. Chairman.

The CHAIRMAN: No. Order, please. I would ask all the members of the committee to confine their remarks to the item under discussion.

Mr. ISNOR: Mr. Chairman—

Mr. McGEER: Wait a minute, please. I am not put out of the house just because I am out of order. Now that the Minister of Finance is in his place, may I offer to him for his consideration that if we could get the means of incorporating Garibaldi park within the administrative authority of the national Department of Mines and Resources, and if the same good policy of parks development and highway development to the parks were undertaken, it might prove a source of revenue that would more than justify the expenditure.

Mr. DUNNING: That is not what I was commenting on at all. I take no exception to that.

Mr. McGEER: If we had this done, possibly we would find a source from which the revenues of the Department of Finance could be greatly enhanced.

Mr. DUNNING: Certainly.

Mr. McGEER: I am satisfied that if the Minister of Finance were convinced of that, he would not hesitate to make the investment, because I think everyone will agree that even in national finance an investment that returns revenues, particularly when it is an investment that eliminates unemployment, and particularly also when it establishes a national asset of enduring value, is within the limits of the soundest and most orthodox finance. If I have any complaint to offer against the department, it is that they have not been awake to the opportunities of improving the revenues of the dominion, and I believe that Garibaldi park stands out as only one example of many that may be found in every province. May I say further to the Minister of Finance that such a program of development will meet with the unanimous approval of the whole people of the Dominion of Canada.

Mr. DUNNING: You take in a lot of territory there.

Mr. McGEER: I think what I have suggested is so sound that everybody would approve it. But when I rose to speak, I really did not have in mind the precipitation of any discussion on the administration of

the Department of Finance per se, and may I apologize to the minister for having carelessly let go one or two shots that probably should have been reserved for the budget debate.

Mr. DUNNING: Perhaps, Mr. Chairman, you will allow me to accept the apology, and to say that I had no reference whatever to Garibaldi park or any other park but was referring simply to the suggestion made by my hon. friend that "we will make this antiquated Department of Finance" do something or another, and I was merely pointing out to the committee that there is a simple way for a majority of the members on this side of the house to determine the financial policy of the country. I was explaining how my hon. friend could obtain his wish. He will forgive me if I say he was taking in rather too much territory when he said: "we" will. "He" would, I have no doubt, but I doubt very much if he could associate with himself a sufficient number of members who think as he does to bring about the change which he indicated he so heartily desired.

Mr. McGEER: Oh, do not take it too seriously.

Mr. LANDERYOU: I am not going to refer to the promises of the Liberal party before the election or get into a discussion of finance. I was interested in the observation of the minister that this year he expected to complete the road from Banff to Calgary, from Calgary to Waterton, and to connect up with the Glacier national park in the United States. Am I right?

Mr. CRERAR: My hon. friend is not quite right. I referred to the hard-surfaced road, all within Canadian territory, which was being constructed north of Kingsgate, and which, when completed, would lead into the parks system at Radium, out again to Calgary and on to Waterton lakes, then on to Glacier national park in the United States. That road will cover about six hundred miles, and I hope the program of work of hard-surfacing will be completed in a year.

Mr. LANDERYOU: Then I am right in saying that as far as the expenditures this year are concerned, no money will be spent in connecting these parks with the boundary to the south; that is, outside the parks themselves?

Mr. CRERAR: No; I did not say that. Part of the work will be carried on this year. It was carried on last year and the year before. We hope to finish it next year.

Mr. LANDERYOU: I notice in the supplementaries that there is considerable money to be spent. That road to which the minister is referring is mostly in British Columbia. I am talking about roads in Alberta connecting the boundary line with the parks. Will there be any work done on those highways?

Mr. CRERAR: That work was carried on last year and the year previous under an arrangement with the Alberta government; that is the hard-surfacing from Calgary south to Waterton Park, and I expect that it will be continued this year. The national parks have the responsibility of doing the work from Waterton lakes to the international boundary, and we hope to get a start made on that this year.

Mr. BROOKS: It has been interesting to listen to the remarks with reference to national parks in different parts of Canada and to hear the extravagant language used in describing each particular section—"most beautiful," "most magnificent," "most grand," an so on. But I wish to say, in the words of the poet Guest, that "you ain't been nowhere, you ain't seen nothin'," until you come down and see some of the beauties of the province of New Brunswick.

Mr. DUNNING: And then go on to the Island.

Mr. BROOKS: A very good idea. Unfortunately, they are doing that now.

An hon. MEMBER: For a rest.

Mr. BROOKS: The minister has told us that the proposed park in New Brunswick has been under consideration for some time. This, unfortunately, is very true; it has been "under consideration" now for at least three years, and it does not seem to be any nearer development now than it was three years ago. I am not blaming the federal minister for the situation, but I do blame those in authority in New Brunswick. I believe the interests of that province are being sacrificed by the provincial government, through the sectional jealousies and whims of various members of that government. When I make that statement I feel that, in the light of what has been happening for the past three years, I am doing no injustice to anyone.

The hon. member for Vancouver-Burrard pointed out—a fact we all know—the great benefits which are being derived in Canada from our tourist trade. I believe he said that $300,000,000 is the revenue we receive from this source, and that possibly $180,000,000 of that was net revenue to the people of the dominion. I want to point out to the committee that we in New Brunswick are not receiving a dollar of that revenue as

far as parks is concerned. The importance of national parks cannot be overemphasized. There is at least one park in each province with the exception of New Brunswick and Quebec. I believe the minister earlier in the evening said there are twenty national parks in Canada, with an extent of some 12,500 square miles. A number of sites have been under consideration in New Brunswick. I do not think it should have been so difficult as it has been to decide upon one of those sites. When the matter of a national park for New Brunswick was considered, the neighbouring provinces of Nova Scotia and Prince Edward Island were also considering national parks. Both of them have already established their parks, and development is well under way. I understand that Nova Scotia has one of the finest sites in Canada.

But I want to point out this: We have heard much about the construction of roads to give access to national parks. We in New Brunswick have been spending in the last few years millions of dollars in hard-surfacing roads, and at the present time we are doing it simply in order to send tourists to the national parks in Nova Scotia and Prince Edward Island. The situation is very unfair, and I hope that the minister, if he has any influence with the authorities in New Brunswick, will exert it and see that the injustic which is being done to our province is remedied as soon as possible.

The importance of this matter in connection with the relief problem was emphasized this afternoon by the Minister of Labour when he stated, if I understood him correctly, that $3,000,000 would be expended on relief projects throughout Canada with relation to national parks. We in New Brunswick have not had direct relief in the last two years, though I venture to say that there has been as much destitution and as much need for relief in that province as in any other province of the dominion. It is a crying shame that the labouring men in New Brunswick are not in a position to-day to take advantage of some of this money which is being expended in different sections of Canada in developing parks. What is the situation at the present time with reference to the development of a national park in New Brunswick.

Mr. CRERAR: The problem in New Brunswick is one of some difficulty. I understand the delay is due to the fact that, whatever site is selected, a considerable amount of private property will have to be re-possessed. My hon. friend is aware that the requirement is that the provincial government shall supply the area for development and convey the title to that area to the federal government, whereupon the federal government will undertake the work of development.

Mr. BROOKS: Pardon me; is that not true of every national park which is established in Canada?

Mr. CRERAR: Quite.

Mr. BROOKS: Is the situation in New Brunswick any different from that in any other province?

Mr. CRERAR: If my hon. friend will allow me to continue for a moment, that was true—taking it as an illustration—in the Cape Breton island park in Nova Scotia, but in New Brunswick the matter of securing an area involves, as I understand it, re-possession by the government, through purchase or expropriation or whatever means they may take, of the private property at present within the area of the park which might be selected. As I understand it, that applies to any one of the areas which may be chosen. I appreciate the difficulties of the provincial government in that respect, because I understand the government of New Brunswick is a prudent government that does not wish unnecessarily to spend the taxpayers' money, and perhaps the worst criticism that might be directed against it is that it is proceeding with too much caution. However, I have no doubt that if that or any other criticism can be leveled against it for being rather dilatory in the matter, my hon. friend will take good care that the facts are presented to the people of New Brunswick as he has presented them here to-night, which of course is his privilege.

Mr. BROOKS: It is not facts of that kind the people of New Brunswick want. It is a park they want.

Mr. CRERAR: I quite understand that. After all, it is a matter of the province getting the area, and that is their business. I do not wish to criticize them, and certainly I have no wish to instruct them as to how they should proceed. What they should do is their business, not the business of the parks administration.

Mr. BROOKS: Is there anything further that the federal department needs to do?

Mr. CRERAR: No.

Mr. BROOKS: How many sites were inspected in New Brunswick, and what was the order in which they were selected by the federal department?

Mr. CRERAR: My recollection is that four or five were examined, but at the moment

I cannot recall the order of priority in which they were placed. My recollection is that that information was given in the discussion of the estimates a year ago.

Mr. BROOKS: No doubt the minister has the record there, and perhaps he will give it.

Mr. CRERAR: I am sorry I have not that information here; but when the supplementary estimates are up, there will be an opportunity again to raise the question and I shall then have the information for the hon. member.

Mr. BROOKS: There was a vote of $25,000, I believe, either last year or the year before. How much of that has been expended, if any?

Mr. CRERAR: The vote was $25,000. It was put in for preliminary surveys that would be necessary before the active work of development would be undertaken. A similar vote is in the supplementary estimates for this year. It appeared in the special supplementary estimates a year ago. Once the area is selected, an accurate survey and an examination of the physical characteristics may be made, so that development can proceed in the best way in order to give the maximum result for the money expended. The amount in the supplementary estimates will cover the initial work in that respect, and that is the manner in which we have proceeded in all these matters. Once the initial survey is made and the data correlated, the parks officials are in a position to recommend the type of development that should take place in order to get the maximum effect from the expenditure of the money.

Mr. BROOKS: I understand that the money provided in the supplementary estimates will be spent on an initial survey in New Brunswick. Is that correct?

Mr. CRERAR: We have included in our supplementary estimates the sum of $25,000. If the provincial government is in a position to turn over the area to us, then the money is available, once we know where we shall work, to make the initial surveys and to do the work I have mentioned.

Mr. BROOKS: Is it necessary for the provincial government to pass an act in the local legislature?

Mr. CRERAR: I understand that they have passed an act which will enable them to take appropriate action.

Mr. ISNOR: In addition to the item covering national parks we have also historic sites service. When we were dealing with a different vote, No. 70, under the Department of Finance, I brought to the attention of the committee a matter which, I thought, might possibly receive consideration in connection with the particular item we are now considering. I refer to the citadel at Halifax. Several requests have been made from time to time, covering a period of three or four years, and I was reminded of that this evening when a publication was passed to me:

> Come to Halifax and enjoy the unspoiled beauty and charm of hospitable, historic Nova Scotia—of the lovely land of Acadia—where the long Atlantic rollers break into yeasty foam against rock-shaded beaches of silver sands. Come to Nova Scotia, where yesterday and to-day blend gently into to-morrow, where life is even-paced and restful—the happiest, healthiest holiday land on earth.

With that in mind, I would say to my hon. friends from Alberta that in addition to the Cabot trail national park in Nova Scotia we have historic sites that appeal to tourists. I would urge upon the minister the importance of providing funds for the maintenance of that historic spot, the citadel at Halifax.

In another publication, issued by the Canadian National Railways, which was also on my desk this evening, reference is made to the citadel in the following words:

> The citadel, which crowns the heights of Halifax 275 feet above the harbour, is one of the most interesting fortifications on the American continent.

In my opinion it is these interesting spots that attract United States tourists and tourists from other countries to the various provinces of the dominion. Halifax was regarded as a definite link in the British scheme of imperial defences from its founding in 1749, and from that date until the present time the union jack has flown over the citadel at Halifax. It ranks with the citadel at Quebec, dating back something like 200 years. We spend $75,000 a year on battlefields; during the past ten years or so we have spent for this purpose $750,000 in Quebec. While I have no objections to that, I believe we are justly entitled to make representations on behalf of the city of Halifax in regard to the citadel.

Halifax was an important imperial station during the American war of independence and the war of 1812; and from 1749 to the latter date, and, indeed, until the present time, the British flag has floated over citadel hill. After the war of 1812 an elaborate system of defences, involving both the Canadas and the maritime provinces, had been recommended by the Duke of Wellington, and although the whole plan was not adopted, various forts and citadels were erected, the chief of which were the citadels of Quebec and Halifax. These two were regarded as of equal importance

and involved almost equal expenditure. The citadel of Quebec cost £236,540 or $1,181,700; and the present citadel of Halifax, which was built progressively between 1828 and 1861, cost to the latter date £233,882 or $1,169,410.

The minister is familiar with the various facts. They have been outlined to him from time to time in letters and in representations made by various organizations including the historic sites society branch in Halifax. I would respectfully ask him to give this matter serious consideration, and possibly include an amount for it in the special supplementary estimates which will be tabled later. The minister knows the importance of this site from the tourist standpoint, and of linking up the mainland with the island of Cape Breton where the national park is situated, thus bringing in added revenue to our dominion, as so well expressed by the hon. member for Vancouver-Burrard (Mr. McGeer). I look upon such an expenditure as this not so much as an outlay as an investment which will bring three, four or fivefold returns. I trust the minister will give the matter careful study and consideration and that action will result.

Mr. CRERAR: The hon. member may not be aware that the supplementary estimates were tabled this afternoon.

Mr. ISNOR: I said the special supplementaries.

Mr. CRERAR: I do not think there will be any further supplementaries, but he will observe that there is in the supplementary estimates an item for historic sites and monuments. I think I can say that when it comes to the allocation of that vote, the citadel at Halifax will not be overlooked.

Mr. ROSS (St. Paul's): What is the amount of money to be expended on each of the three national parks in Ontario?

Mr. CRERAR: Does the hon. member mean out of this vote?

Mr. ROSS (St. Paul's): Yes.

Mr. CRERAR: On Point Pelee park in lake Erie, $22,200; on the St. Lawrence islands, $3,500, and on the Georgian bay islands $4,000.

Mr. ROSS (St. Paul's): The Thirty Thousand islands district in Georgian bay is a very fine tourist centre, but those who live on those islands have much trouble in getting there on account of the difficulty of the channel. Tourists come there in great numbers from the United States as well as from Ontario, travelling by the boat from Midland. The difficulty is much greater at night. Would it be possible to have the channel through those islands between Midland and Parry Sound, and up by Pointe au Baril, better buoyed? And if the channel were better lighted at night, many more people would be attracted to the islands.

Mr. CRERAR: The Department of Mines and Resources has nothing to do with the marking and lighting of channels. However, I shall be glad to bring my hon. friend's remarks to the attention of the Minister of Transport, whose department has charge of that work.

Mr. ROSS (St. Paul's): I thank the minister for that assurance. I understand that one of the buoys marking the channel to Penetang harbour was taken away last year. I do not think it would cost very much to place more of those light buoys in that channel.

Mr. TAYLOR (Nanaimo): Are any negotiations being conducted with the province of British Columbia about a national park on Vancouver island? There is no need for me to descant on the glories of that place, after every other part of Canada has had its day. But some attention should be paid to the question of a national park on Vancouver island, especially now that we have learned that there are no national parks in British Columbia; that they are merely railway parks.

Mr. CRERAR: I do not agree with the view of the hon. member for Vancouver-Burrard (Mr. McGeer) in that connection. It may be that in the remote past, in the genesis of these parks in British Columbia, there was something to support the view he expressed, but I can assure the committee that now, at any rate, they are national parks. We realize they are when we have to devote money every year to their maintenance and administration. They are not in any sense railway parks.

As far as a park on Vancouver island is concerned, I think the hon. member for Comox-Alberni (Mr. Neill) a year or two ago advanced the claims of Vancouver island for recognition in that regard. Nothing further has been done. Of course the island itself is one vast park, and I do not know that an expenditure of federal money could very greatly improve its well known attractions.

Mr. GREEN: Has work been commenced yet this spring on the gap in the Big Bend highway?

Mr. CRERAR: No. The vote for that work is in the supplementary estimates which were laid before the house this afternoon. I

expect the work will start very shortly. The plans for it are complete, but we like to preceed in a manner that will not excite criticism on the part of our hon. friends opposite for proceeding in a non-orthodox fashion, and so we did not start this work until we had at any rate the estimates before the house. If my hon. friend feels like giving me an assurance that he would not criticize me for starting the work before the estimates were passed, we might consider getting it under way next week.

Mr. GREEN: If I may interrupt, let me say that I would never criticize this government for moving too fast in anything.

Mr. CRERAR: My hon. friend, I am afraid, has not as much imagination as I thought.

Mr. GREEN: One would need a lot of imagination to see any fast action in this matter.

Mr. CRERAR: If my hon. friend will survey the record of the past two years of this department, I do not think he can seriously level that criticism against it. However, speaking more seriously, we do hope to get the work there started very shortly.

Mr. GREEN: I was in Revelstoke during the Easter recess, and people there told me that conditions were such that the work could be started, but nothing had been done, and apparently it takes some time to get the work camps established. Is it the intention of the government to complete the gap this year? I believe there are only about thirty-three miles to finish.

Mr. CRERAR: I am afraid it cannot be completed this year. There is a good deal of very heavy construction, and it is through difficult country, as my hon. friend knows. If you have to push your work and machines and equipment very far in advance of the road as completed, it adds greatly to the expense. We shall not be able to complete it this year, but certainly it is the intention to have it completed next year. I am a little disappointed that we have not made more rapid progress; but last September I went right to the end of that road, where they were pulling out stumps, cutting down great, heavy trees and clearing rock cuts from Revelstoke north. I saw for myself the extremely difficult nature of the country through which they are building, and taking all the facts into consideration I think the progress with that road has been very good.

Mr. GREEN: I realize that is an extremely difficult piece of construction, but I would suggest that the minister give serious consideration to finishing the gap this year. I am quite sure that once the gap is completed, a great deal of the difficulty mentioned by the hon. member for Vancouver-Burrard will be done away with, because then the people of the coast, not only from British Columbia but also from the Pacific states, will be able to drive up to the national parks. Then we shall realize that the parks in the Rockies are really British Columbia parks.

Mr. CRERAR: Well, I should like very much to see that completed this year, but I would not be quite frank with my hon. friend if I gave him any impression that this would be the case. Quite frankly, I do not think it can be, but as I said a moment ago I certainly hope it will be completed next year.

Mr. HAYHURST: How is the work progressing on the road between Banff and Jasper national parks, and when will it be completed.

Mr. CRERAR: Precisely the same conditions are met with there that we find on the so-called Big Bend road; that is, the Jasper-Banff road has been built from both ends. Work has proceeded from the Jasper end and from the Banff end ever since the road was started, and there is still a considerable gap remaining; I believe some thirty miles remain to be completed. That, also, is very heavy construction. I may tell my hon. friend that I was also over both ends of that road last September. I like to get out and see the work that is going on and the nature of the difficulties that have to be overcome. The remaining portion of that road is very heavy construction, a great deal of it being rock work and the clearing of timber. In that class of construction, unless you are prepared to throw money around rather freely, it is not possible to make rapid progress, but I think I can say to the committee that it is the intention to have that road also completed next year.

Mr. ROSS (St. Paul's): May I ask what the amount of $22,200 for Pelee island is expended for, and also the $4,000 for the Georgian bay islands and the $3,500 for the St. Lawrence islands?

Mr. CRERAR: It is for general administrative work. The administrative costs in the islands, both in the St. Lawrence and in Georgian bay, are not very heavy, and consequently the vote is small. At Point Pelee, as my hon. friend is probably aware, there is heavy tourist traffic during the summer months, and the cost of administrative work is heavier. The amount is divided thus:

Management and clerical work, $8,900; public services, $11,200; and those comprise water, roads and bridges, health, sanitation, camp grounds, gateways and information bureaux. The other items are: Stores and equipment, $2,000, and a small item for garage and repair shop, warehouses, stores and mechanical equipment. This amount has been increased in the supplementary estimates which were tabled this afternoon.

Mr. ROSS (St. Paul's): Is this expenditure on the Thirty Thousand islands of Georgian bay in connection with game wardens or something like that?

Mr. CRERAR: I can give my hon. friend the particulars: Administration, $3,190; office expense, $400; garages and repair shops, $200; warehouses and stores, $210.

Mr. ROSS (St. Paul's): I should like to say a further word in regard to the Georgian bay lights. Very often in that country one cannot get down in the daytime, but the wind goes down at night and you can get through. I think lives would be saved if there were lights so that people could travel at night rather than during the daytime. I want again to urge the importance of better lighting for the channel through the Thirty Thousand islands and also around by Point au Baril.

Mr. CRERAR: I shall see that my hon. friend's suggestion is placed before the Department of Transport, which has to do with these matters.

Mr. STIRLING: I should like to ask one more question about the Big Bend road. Is British Columbia contributing any portion of the cost on the west side?

Mr. CRERAR: No.

Mr. STIRLING: It is entirely borne by the dominion government?

Mr. CRERAR: That expense is borne by the federal government.

Mr. STIRLING: That agreement fell through?

Mr. CRERAR: My recollection is that the arrangement was made by the late government to build the west leg. The original arrangement was made when my right hon. leader was Prime Minister previously, to build the east leg, and the provincial government is bearing no part of the cost of construction. Under the agreement, when the road is constructed it will be taken over by the provincial government, and of course thereafter the cost of maintenance will be their responsibility.

Mr. STIRLING: From the edge of the park?

Mr. CRERAR: No; from Golden to Revelstoke.

Mr. STIRLING: Through the national park?

Mr. CRERAR: No; we did not undertake the obligation to build the portion of the road from the west gate of the park to Golden. The original arrangement covered from Donald to the crossing of the Canoe river. Later, that was extended to cover the portion between Golden and Donald. Then, during the administration of the present right hon. leader of the opposition the arrangement with British Columbia was extended to cover the portion of the road from the crossing at Canoe river down to Revelstoke, and the expense of that construction is being wholly borne by the federal government.

Mr. POTTIER: Since some of the discussion on this item has developed in connection with points of interest having particular reference to historical spots, I want to bring to the attention of the minister a place in western Nova Scotia where it is claimed the first white man landed in North America. There are records in the old country describing the voyage and the shore where the landing was made, and that description exactly fits this location in western Nova Scotia. We also have a runic stone, where they are supposed to have landed, bearing an inscription which they marked at the time. According to the records, that landing is presumed to have been in the year 1006, the first landing of the Norsemen in North America, actually the first white men to come here from Europe. I have no doubt that the development of a place of that kind would prove a spot of historical interest, and would help develop the tourist trade.

Item agreed to.

Administration of Migratory Birds Convention Act, $51,000.

Mr. CRERAR: This item has to do with the administration of the migratory birds convention between Canada and the United States. In the present year there is a slight increase in the vote. I assume at least part of that is due to the restoration of the salary cuts and to the ordinary statutory increases in salaries. I believe there was the appointment of one additional stenographer. That is an expense which under the Migratory Birds Convention Act we are obligated to carry out.

Mr. GREEN: I have no fault to find with the vote, but the report has got about in British Columbia that there is a chance of the administration of this act being turned over to the provinces. I have a protest from an angling and game association in Vancouver against the administration being turned over to the provinces. I hope there is no question of that being done.

Mr. CRERAR: The hon. member's remarks are the first I have heard to that effect. I can assure him there is no intention of doing anything of the kind. As a matter of fact, I do not think we could turn over to a province the administration of an international obligation with the United States.

Mr. ROSS (St. Paul's): It has been called to my attention that last year two or three hunters got into trouble through lack of knowledge of the law. We realize, of course, that is no excuse. The laws with respect to duck shooting were published by the province of Ontario. There are also certain variations or extensions in the law which are made under the Migratory Birds Convention Act. I understand the regulations are posted up by the federal government, but it is very difficult for a hunter to look on the telegraph posts to find out what those regulations may be. Could some arrangement not be made between the provincial and federal governments for the combining of the provincial and federal laws?

I should also like to learn how the enforcement of the act is carried out. Do the provinces do it; is it a combination between the provinces and the dominion, or is it done by the Royal Canadian Mounted Police?

Mr. CRERAR: In most provinces the regulations agreed upon by the federal and provincial authorities are enforced by the province. There are certain cases where enforcement is carried out by the mounted police. We aim to get cooperation with the provinces, and have been very successful in that regard. The regulations framed from year to year govern particularly the hunting of wild fowl. We have not run into any difficulty in connection with the administration of the act. I think almost everyone from one end of Canada to the other is seized with the importance of preserving the migratory birds. I might point out further that opinion in the United States has crystallized into a more strict enforcement of regulations than obtained several years ago. I believe they are now doing their full share.

Mr. ROSS (St. Paul's): Is there any danger from the shooting of ducks and other types of game which takes place in James bay? In the minds of some people there seems to be a certain amount of apprehension with respect to the preservation of ducks and other types of wild fowl. They feel that the hunting in the feeding grounds in James bay will have a serious effect on the wild fowl population.

Mr. CRERAR: That matter has been discussed with the Ontario authorities; but, for the greater part, I believe the migratory birds go farther north for nesting and rearing their young. I am informed that the James bay situation, to which the hon. member has just referred, is being discussed between the Ontario government and the federal department.

Mr. BROOKS: Were any new bird sanctuaries established during the past year?

Mr. CRERAR: I am advised there were a few established, but I cannot give the hon. member exact information in that regard. I should be glad to supply it when the supplementaries are under consideration. If the hon. member will raise the question at that time, I shall be pleased to answer it.

Mr. BARBER: I believe that during the last few years there has been some conflict in connection with the game regulations in British Columbia. I have received representations similar to those indicated by the hon. member for Vancouver South, and I endorse the statement that the administration of the act should be carried on by the federal government. I should like to know what the conflict was; I know there was some conflict in connection with the game regulations.

Mr. CRERAR: The only question of conflict which arose was that some of the hunters in British Columbia were not quite satisfied with the periods of open and closed seasons which were established. It is only very rarely that all of the regulations in any province are accepted without at least some criticism. I must add, however, that the general good sense of the public supports the regulations as they are framed from year to year.

Item agreed to.

Grant to John Thomas (Jack) Miner, $4,000.

Mr. CRERAR: This is the usual grant.

Mr. STEWART: I suppose there will be supplementary estimates under which we shall be able to discuss almost anything pertaining to the department.

Mr. CRERAR: Yes.

Mr. STEWART: If not, I would ask the minister to leave an item open so that there may be general discussion.

Mr. CRERAR: Practically all of these items will reappear in the supplementary estimates for additional votes. I would be very glad to accede to the suggestion of the hon. member, and I would do so particularly because I know of the interest of the right hon. the leader of the opposition in the Banff national park and in western parks generally.

Mr. DUNNING: There will be plenty of opportunity.

Mr. CRERAR: Yes, there will be plenty of opportunity, under the supplementary estimates, to discuss these matters.

Item agreed to.

Mr. CRERAR: Mr. Chairman, I wish to express my appreciation to the committee for the assistance they have given in getting these votes through.

Progress reported.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

Monday, May 23, 1938

The house met at three o'clock.

PRIVATE BILLS

FIRST READING—SENATE BILL

Bill No. 120, to incorporate The Workers Benevolent Society of Canada.—Mr. Thorson.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

MINTAGE OF NICKELS

Mr. ELLIOTT (Kindersley):

1. How many Canadian nickels have been minted in Canada during the years 1933 to 1937 inclusive?
2. Are they entirely processed in Canada?
3. If not, to what extent, giving details?

Mr. DUNNING:

1. 1933, 2,597,867 pieces; 1934, 3,832,483 pieces; 1935, 3,891,151 pieces; 1936, 4,400,450 pieces; 1937, 4,593,263 pieces.
2. No.
3. During the years 1933, 1934, 1935 and 1937, the coin blanks were manufactured in England from copper-nickel matte shipped from Canada. During the year 1936 the coin blanks were manufactured in Norway from copper-nickel matte shipped from Canada.

LORNE MCDONELL

Mr. STEWART:

1. Is Lorne McDonell, of Kingston, in the employ of any department of the government?
2. If so, when did he enter the government service?
3. What position does he hold?
4. What are his duties?
5. What compensation does he receive?
6. On whose recommendation was he appointed?

Mr. ROGERS:

1. Lorne McDonell is in the employ of the Department of Labour, unemployment relief branch.

2, 3, 4, 5, and 6. George W. Rayner, appointed by P. C. 1948, July 12, 1935, as representative of the unemployment relief branch of the Department of Labour to supervise inspectors in Ontario in connection with the carrying out of relief works to which the dominion government contributed was authorized by P.C. 1949, of July 12th, to appoint inspectors not exceeding twenty in number. Mr. Lorne McDonell's appointment dating from November 15, 1935, was made by Mr. Rayner under this authority at a salary of $200 per month. By order in council P.C. 1709, of July 9, 1936, on the recommendation of the Minister of Labour, Mr. Lorne McDonell was appointed dominion representative succeeding Mr. George Rayner above referred to, effective from July 1, 1936, at a salary of $300 per month.

MONTREAL BOTANICAL GARDENS

Mr. FOURNIER (Maisonneuve - Rosemount):

1. What contribution, if any, was made by the dominion government to works performed at the botanical gardens in Montreal?
2. When will the said works be completed?
3. Was the government requested to continue its contribution this year? If so, to what amount?

Mr. ROGERS:

1. The agreement respecting relief works entered into with the province of Quebec under the provisions of the Unemployment Relief and Assistance Act, 1936, provided among other things for dominion contribution to the following project:—

Project No. 14

Botanical garden, including necessary buildings in Maisonneuve park and correlative works, Dominion contribution not to exceed, $164,600.

Accounts rendered by the province and paid by the dominion with respect to this project aggregate, $135,404.38.

The agreement respecting relief works entered into with the province of Quebec under the provisions of The Unemployment and Agricultural Assistance Act, 1937, contained provision for Dominion contribution towards the cost of certain projects included in which was the following:—

Project No. 7.

City of Montreal—building botanical garden in Maisonneuve park including construction of necessary buildings and correlative works, Dominion contribution not to exceed, $337,500.

Accounts rendered by the province and paid by the dominion with respect to this project aggregate, $337,500.

2. No information.

3. No.

STATION CKGW, TORONTO

Mr. CLARKE (Rosedale):

1. Has the radio licence for station CKGW at Toronto been cancelled or renewal thereof refused?

2. In whose name was the licence for station CKGW previously issued?

3. Has the wave length occupied by CKGW been assigned to any other station, and if so, to whom?

4. If the licence of station CKGW has been cancelled, what are the reasons therefor?

Mr. HOWE:

1. Station CKGW has not been licensed since 1933. From 1933 to 1938 licence for station CRCT, using the apparatus of CKGW, has been issued in the name of the Canadian Radio Broadcasting Commission, and later the Canadian Broadcasting Corporation.

2. Previous to 1933 the licence for station CKGW was issued to Gooderham and Worts, Toronto.

3. Yes, to the Canadian Broadcasting Corporation's station CBL, at Hornby, Ontario.

4. Answered by No. 1.

QUEBEC CITY POST OFFICE STAFF

Mr. TREMBLAY:

1. How many employees are there at the post office in Quebec city: (a) male; (b) female?

[Mr. Rogers.]

2. How many of such employees are: (a) 65 years of age; (b) over 65 years?

3. What are their names and occupations?

4. How many of these employees: (a) are under the jurisdiction of the civil service commission; (b) how many are not?

5. What are their names and occupations in each case?

6. In the case of such employees who are not under the jurisdiction of the civil service commission, by whom was each recommended?

Mr. EULER:

1. (a) 279 full time, 3 part time; (b) 3.

2. (a) 1; (b) 3.

3. Name—Rank—Date of birth: A. Cooper, letter carrier, September 27, 1872; J. S. E. Nadeau, senior postal clerk, May 6, 1872; J. Alex Morin, postal clerk, March 18, 1872; xC. F. Rioux, mail porter, April 11, 1871.

xMr. Rioux has been on leave of absence with pay prior to retirement as from the 11th of April, 1938.

4. (a) 4; (b) none.

5. See answer to No. 3.

6. All the above mentioned employees are occupying civil service positions and come under the jurisdiction of the civil service commission.

QUESTION PASSED AS ORDER FOR RETURN

DOMINION-PROVINCIAL RELATIONS COMMISSION

Mr. CHURCH:

1. Will the government lay on the table of the house copies of the varies orders in council under the Public Enquiries Act appointing the commission presided over by the Honourable Justice Rowell, known as the Rowell commission, and now holding sessions throughout Canada?

2. Also a copy of any instructions as to their duties, and the scope of their authority as a fact finding commission?

3. Has any limit been placed on the completion of the report?

4. Was power given the said commission to investigate: (a) tariff; (b) municipal institutions; (c) taxation; (d) other extraneous matters?

5. Have any objections been received by the government as to the unnecessary breadth and scope of the inquiry, or are any restrictions being imposed?

6. Has the attention of the government been called to the dicta and opinions expressed on many matters by the commissioners during the hearings throughout Canada, and on controversial questions?

Mr. MACKENZIE KING: Return tabled.

MOTIONS FOR PAPERS

CANADIAN NATIONAL RAILWAYS—HOTEL AT VANCOUVER

Mr. ELLIOTT (Kindersley):

For a copy of all papers, letters, telegrams, and other documents, dated from January 1, 1937, to date, relating to the agreement between the Canadian Pacific Railway and Canadian National Railways for the joint operation of the new Canadian National Railways hotel in Vancouver.

POTASSIUM BROMATE

Mr. MacNEIL:

For a copy of all correspondence, memoranda, telegrams, instructions, laboratory tests and other documents, dated during the past year, relating to the use of potassium bromate as an improver or adulterant in flour or bleached flour or in compounds employed by bakers.

MONT LAURIER-SENNETERRE HIGHWAY

Mr. McDONALD (Pontiac):

For a copy of all correspondence exchanged between the government of the province of Quebec and any provincial officials, and the dominion Department of Labour and any officials thereof, dated from February 1, 1937, to date, respecting the federal contribution to the Mont Laurier-Senneterre highway.

WATERLOO, QUE., MAIL SERVICE

Mr. LECLERC:

For a copy of all papers, letters, telegrams and other documents, dated from September 1, 1933, to March 1, 1934, exchanged between the Post Office Department or any officer thereof, and any other person in connection with the carrying of mail between the post office at Waterloo, Quebec, and the railway stations.

RACINE-FOSTER STATION, QUE., MAIL SERVICE

Mr. LECLERC:

For a copy of all papers, letters, telegrams and other documents, dated from November 1, 1932, to March 1, 1933, exchanged between the Post Office Department or any officer thereof, and any other persons in connection with the carrying of mail between the post office at Racine, Quebec, and Foster station.

HARRINGTON EAST, QUE., POSTMASTERSHIP

Mr. HEON:

For a copy of all correspondence, letters, telegrams, petitions, reports and other documents, in the possession of the Post Office Department, concerning the dismissal of Mrs. J. McRae as postmistress at Harrington East, county of Argenteuil, and the appointment of Mr. Roderick McTavish as her successor.

THE BUDGET

INQUIRY AS TO PROBABLE DATE OF PRESENTATION

On the orders of the day:

Hon. H. A. STEWART (Leeds): Can the Minister of Finance (Mr. Dunning) inform the house when the budget will be likely to be brought down and whether we may expect it before the Saskatchewan election?

Hon. CHARLES A. DUNNING (Minister of Finance): The Saskatchewan election, of course, has nothing to do with the budget, but negotiations which have been proceeding for some time in Washington, looking to the conclusion of a trade treaty, have everything to do with it. The government has thought it would be desirable, if possible, to include the results of those negotiations in the budget, and while it is as yet uncertain whether that can be accomplished, the government does desire to give as much time as possible to permit it to be done. I shall certainly endeavour to give sufficient advance information as to the date of the budget.

UNEMPLOYMENT

CONCENTRATION OF SINGLE UNEMPLOYED MEN IN VANCOUVER—OCCUPATION OF HOTEL GEORGIA AND OTHER BUILDINGS

On the orders of the day:

Mr. T. J. O'NEILL (Kamloops): In this morning's newspaper I find that aldermen of the city of Vancouver have paid $500 to a group of unemployed men who had taken possession, practically speaking, of the hotel Georgia in Vancouver. The hotel Georgia is the second largest hotel in Vancouver, and I think that everyone will appreciate just what this action on the part of the men will mean to the business of that establishment. Everything was conducted in very orderly fashion. These men were in the hotel for practically twenty-seven hours and there was neither riot nor disturbance, but I should like to know what is being done to prevent a recurrence of this incident, because it might very well result in riot and bloodshed.

Hon. NORMAN McL. ROGERS (Minister of Labour): In answer to the question just put by the hon. member for Kamloops, I may say that it is within the knowledge of the house that during the past few days some 1,500 single, unemployed men have been demonstrating in the city of Vancouver. The occupation of the hotel Georgia and of the post office and the art gallery was apparently a part of that planned demonstration. We are informed this morning that the hotel Georgia has been vacated by the men in an orderly manner, as stated by the hon. member for Kamloops (Mr. O'Neill). I understand that the post office and the art gallery are still being occupied by these single unemployed men.

So far as the maintenance of law and order is concerned, that is a matter for the police authorities; and as regards the present situation I have already informed the house that the Minister of Labour in British Columbia stated on Tuesday, May 17, that in the opinion of the provincial government it would be possible to deal with the single unemployed who were properly resident in the province. The Minister of Labour of British Columbia was of the opinion that employment could be found in due course for these men. He stated at the same time that some 1,500 men had come into British Columbia and into the forestry camps which were maintained by the dominion and the province during the winter months, and that British Columbia was not prepared to find employment for these men during the coming summer. In that situation he stated that the province was willing to assist these men from outside the province of British Columbia in returning to their homes, and that policy appeared to be a sensible method of dealing with the immediate situation.

The demonstration conducted by the relief project workers' union in the city of Vancouver has clearly as its object the provision of work for these men. I should like to say simply in that connection that in so far as there are unallotted items for works in the supplementary estimates which were tabled on Friday these will be apportioned in accordance with the actual unemployment situation in the various provinces, having due regard to particular situations which may exist in certain provinces. I should like to make it equally clear, however, that in such apportionment of unallotted items for unemployment works, this government will not be influenced in the slightest degree by threats or by any form of mass demonstration either in British Columbia or in any other province of Canada.

Mr. MacINNIS: Would the minister answer a supplementary question? Over the week-end I have received a number of communications from Vancouver in this regard and I had intended to take the matter up on another occasion. I should like to know, because of the importance of the question, whether the government will arrange a time for discussion of this matter, because it is one in which the city of Vancouver and the province of British Columbia are vitally concerned.

Right Hon. W. L. MACKENZIE KING (Prime Minister): As my hon. friend knows, there is always opportunity to discuss any of these matters when the house moves into committee of supply. It is the intention of the government to continue supply during the present week. We may be expecting it each day so that my hon. friend will have an opportunity then to bring the matter up if he so desires.

Mr. MacINNIS: I was afraid I might be prevented on such an occasion because of its being raised now.

SUPPLY

UNEMPLOYMENT—CONCENTRATION OF SINGLE UNEMPLOYED MEN IN VANCOUVER—STATEMENT OF MR. MACINNIS

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee of supply.

Mr. ANGUS MacINNIS (Vancouver East): Before you leave the chair, Mr. Speaker, I wish to say a few words in connection with the matter raised a moment ago by the hon. member for Kamloops, (Mr. O'Neill) and replied to by the Minister of Labour (Mr. Rogers): For some weeks past a serious situation has been growing in British Columbia and particularly in the city of Vancouver. On several occasions during the past month the matter has been brought to the attention of the government by other members from British Columbia as well as by myself.

It is all very well for the minister to say that the government will not be influenced in the slightest by any demonstrations of the kind that are now taking place in the city of Vancouver, but that does not solve Vancouver's problem. It does not provide for these people who are unemployed, and until we make some satisfactory provision for the unemployed, we shall inevitably have difficulties of this kind. As a matter of fact the situation to-day reminds me very much of the condition that prevailed in the spring of 1935, which culminated in the riots at Regina on the first of July of that year. Surely this government with the experience before it which the previous government had, is not going to let matters drift until real trouble develops as in 1935. That is what we must avoid, and if drastic steps must be taken, then let that be done. But first we should make sure that there is no other way by which we can find a solution for our difficulties. I

do not believe we have made sure that there are not other ways by which we can deal with this question.

Yesterday I received the following wire from Vancouver:

> That 1,500 single unemployed including a large non-residence proportion are occupying the Hotel Georgia, the post office and the art gallery as means of drawing their plight to public attention. We feel that assurance of work from the government upon a government plan or any assurance of work will meet situation. Otherwise fear serious consequences will ensue. Urge immediate action.

This telegram is signed not merely by one individual but by fourteen people prominent in the civic life of Vancouver and in the legislature of British Columbia. It is signed by six out of the eight aldermen in Vancouver, and by seven members of the provincial legislature, including Liberals, Conservatives, and members of the Cooperative Commonwealth Federation, also by one British Columbia cabinet minister, as well as by the chief of police, W. W. Foster, of the city of Vancouver.

I submit that the statement made in the house to-day by the Minister of Labour (Mr. Rogers) is not a satisfactory reply in relation to the problem which to-day confronts Vancouver. If it was not the intention that these men should establish domicile in British Columbia they should not have been given employment in the first place; since they were employed for the whole or part of the winter on the forestry projects in that province, I do not think it is a satisfactory way of dealing with them now to say that they shall not get relief and shall not be given government employment in British Columbia.

When we were debating the unemployment relief and agricultural assistance bill the member for the Yukon (Mrs. Black) made a striking appeal to the members of the house to be sympathetic and to go easy with the Minister of Labour. I did not say anything after the member for the Yukon had spoken, although I thought a great deal; and contrasted the position of the Minister of Labour with that of thousands of young men in this dominion. It is true that the minister works very hard, but it is equally true that he has many compensations for his hard work.

Mr. ROGERS: I have made no complaints.

Mr. MacINNIS: Certainly not, and I think the minister will also agree that the discussion that took place and the hammering he received, such as it was, was not directed at him personally; it was done simply because many of us felt that it was a duty we owed to our constituents to bring their difficulties to the attention of the minister and of the government.

Let us look at the situation as far as these men are concerned. Young men, after four and five and in some cases six years of unemployment, are now facing the same hopeless conditions. Here they are in the spring of the year, when all nature is bursting into life, when people ordinarily should feel the stirrings of new life in their being, compelled to look forward to another hopeless summer and an equally hopeless fall and winter, and possibly nothing better next year. Let me say again that the minister's statement is not a satisfactory reply.

Mr. ROGERS: If my hon. friend will permit a question, would he be inclined to alter what he has just said if he accepted the truth of my statement, which comes from the Minister of Labour of British Columbia, that of the men who were in the forestry camps last year some 2,500 did not return this year, the obvious inference being that they had either returned to their homes or found employment elsewhere in the interval. I do not think it is proper, in other words, to suggest that all these men have not other means of finding employment or shelter.

Mr. MacINNIS: I do not know that the minister's remarks have altered the situation in any way whatsoever. If these 2,500 men who did not return to the forestry camps this year after working there last year found work somewhere else, of course, that is all to the good, but what avails it? Others have taken their place. I have not the figures before me at the moment showing the numbers unemployed in 1937 and in 1938. Nevertheless the fact is that we have about an equal number, possibly more, possibly less, and we are still confronted with the same conditions. If we do not do something the authorities in British Columbia and in Vancouver will have to take some action, and it is just possible that the dominion government will be drawn in. Would it not be far better for this government to take action now while the men, if in a determined mood, are yet in a mood for conciliation and settlement? I do hope that we shall get from the government something more satisfactory to the people of Vancouver than the statement which has just been made by the Minister of Labour.

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, I wish to support the remarks that have been made by the hon. member for Vancouver East (Mr. MacInnis). I do so

because of communications I have received from responsible citizens of Vancouver, and also because, as the minister is aware, I had very close contact with the negotiations in connection with similar situations which have arisen in previous years.

I am disappointed in the statement made by the minister. The information that reaches me shows that the situation to-day is almost an exact repetition of those which have occurred in previous years. If we have learned anything from the most distressing experiences of previous years it is the necessity of dealing promptly and in a satisfactory way with this problem which is peculiar to the city of Vancouver.

May I point out to the minister that this is not an organized concentration of unemployed transients in the city of Vancouver. He must be well aware that this is a very natural gathering of men who, under the policies of the government—not only this particular government but because of economic conditions that exist in Canada—in their effort to secure casual employment find that city the terminus of their drifting as transients. They find casual work in other portions of the province and drift along, but at various times there is a gathering or concentration of men, due to economic and employment conditions in British Columbia and the adjacent provinces. It is hardly fair for the minister to reply to-day and say he is depending on the assurances of the Minister of Labour in British Columbia; for, as I am well aware from experience in the past, the Minister of Labour in British Columbia and the civic authorities cannot act, cannot devise a satisfactory plan, until they receive a very definite assurance from the dominion government of some form of cooperation, some disposition to share the responsibilities which are not properly those of the city of Vancouver or the province of British Columbia.

The hon. member for Kootenay East (Mr. Stevens) brought this matter to the attention of the minister earlier in the session, but again may I remind the minister that when I was called upon to interview him at the hotel Vancouver shortly after his return from Geneva, on behalf of the men, for week after week the social service agencies of Vancouver, by dint of strenuous effort—and possibly gambling on some support from unknown sources—had looked after the men who were without food and shelter, in order to prevent any open disorder. The moment the minister announced the agreement with the provincial Minister of Labour and informed the delegation representing the men that they could register to receive temporary food and shelter, at that moment the disorder or any suggestion of disorder ended. The men quietly registered and accepted the plan devised, but during those weeks of delay riots did occur. Men were sent to gaol; some three hundred were sent to Oakalla, and two men were sent to the British Columbia penitentiary. I submit that these men would not have been sentenced and that this disorder would not have occurred if action had been taken earlier, and I think the same may be said of the situation which arose during the previous year.

At this time, because of our experience on past occasions, I earnestly implore that the minister lay aside some of the usual constitutional objections with regard to negotiations, admit that a very definite problem exists there that may result in serious disorder, and recognize all the facts and circumstances. There are men in Vancouver at this moment without food and shelter; otherwise the city of Vancouver would not have permitted a tag day the other day, nor would the citizens of Vancouver have supported that tag day so generously. The plain, ugly fact is that men are without food and shelter, and naturally if they cannot successfully negotiate in their own interests they may resort to methods which to-day the minister says he cannot countenance.

The transportation plan is equally unsatisfactory. As the minister is well aware, by reason of economic and employment conditions a large majority of those men have sacrificed their right of domicile at other points. If they returned to any points designated, they would be denied any form of relief or employment. Coupled with that situation, as the minister tacitly admitted, there has been a break-down of the Employment Service of Canada. No satisfactory provision has been made for the dovetailing of seasonal employment, and certainly if employment is available at other points in British Columbia in my opinion there are no adequate facilities for providing transportation to such points. I also direct the attention of the minister to the fact that I have received a telegram from the provincial president of the Canadian Legion in British Columbia, who says that included among these unemployed is a large number of ex-service men. I think the minister, in consultation with his colleague the Minister of Pensions and National Health (Mr. Power) should give some consideration to that aspect of the situation. Surely those men cannot be held to have sacrificed their domicile and be denied relief because they

naturally seek employment in a climate where they will not be unduly handicapped by their disabilities.

I do urge the minister to drop the usual official attitude and not be unduly harsh in dealing with this situation. Open up channels of negotiation with the men immediately with respect to all deserving cases, that is, men without food and shelter who cannot establish domicile and secure relief or employment at other points; and I urge that some temporary provision be made until satisfactory employment projects are worked out in consultation with the provincial authorities.

Hon. H. H. STEVENS (Kootenay East): Before the minister deals with the question I should like to make one or two observations. A moment ago the minister said that the government would not be influenced by demonstrations. As a matter of fact during the last four or five years the history of this unemployment problem has shown that the government has been influenced by demonstrations. It was not until after a considerable demonstration last autumn that there was a reopening of the camps and some forestry work supplied. Then we had the very tragic case of the Regina riots. I think it was in 1935 that there were riots in Vancouver, when five thousand men marched through the Hudson's Bay store and did considerable damage, though much less than one probably would expect under the circumstances. But it has been as a result of demonstrations of this kind that action has been taken.

As a matter of fact we are training these men to demonstrate; that is the unfortunate part of it. We have known, the minister has known, the province of British Columbia has known, and the country generally has known, that these men began to congregate in Vancouver after the camps were closed on May 1, a matter of two or three weeks ago. The time to have anticipated this trouble was a couple of weeks ago, but now that the men have taken possession of a large hotel—and it is a large hotel—and of the post office, it becomes a pretty serious matter. The strange part of the whole thing is that where these men have demonstrated, either in these circumstances or at other times, comparatively speaking the demonstration has been orderly. These men are learning that it is better to do it in that way, but the long and short of it is that all they want is a job.

A moment ago the minister said—and I ask him to correct me if I am wrong, because I noted his observation—that some 2,500 men had gone out of the camps and many of them apparently had found work. He cited that, to use his own words, as an indication that these men have other means of finding work.

Mr. ROGERS: I said employment or shelter.

Mr. STEVENS: But they have not; that has been demonstrated clearly. We know that not only in this instance but at other times in the past men of this class—in this case some 1,500, last fall a couple of thousand and numbers running on other occasions into several thousands—had no shelter and no food until citizens, and very responsible citizens, acted on their behalf. Steps were taken by boards of trade and others; on two or three occasions the clergy of the city of Vancouver sent forward urgent appeals, and it was not until after appeals by organized groups of citizens, apart from the men themselves, that action was taken and food and shelter supplied. Then we had the tin canners, as we called them—men standing on street corners holding tin cans trying to get enough money for food. I stated in the house, I think last session, that I had personally investigated a number of these cases. I talked to the men and inquired into their circumstances, where they came from, and so forth, and as far as I could judge—and I am a fair judge of men of this type—I did not find a case where the man was not entitled to the opportunity to work. In other words he was not what we commonly call, in crude language, a "bum" or a vagrant. He was a man out of work, though wanting work and willing to work. I will not say they are all that way, because we know there is always a certain type which will enter into a demonstration of that kind. But I would say that ninety per cent of them, and probably more, are simply men who want jobs.

Another observation of the minister which I think cannot be allowed to pass without some measure of challenge was to the effect that the maintenance of order is the duty of the police. Technically and constitutionally speaking that is true. But what are the police of a city like Vancouver to do when one or two thousand men gather together in a body to make a demonstration? The only crime they are committing is that they are hungry and have no shelter. I submit that the police, who after all are human beings with human feelings, know that these fellows are not criminals. They know these unemployed men are not trying to break the law. Naturally the police stand by. Certainly they stand by until something in the nature of a riot happens. But what a terrible thing a riot is! I suppose most hon. members have had some experience with them. Unfortunately in the last number of years we have had several in Vancouver.

Riots occurred when men reached the point where their anger got the better of them; all restraint was gone and we had angry mobs. I do not know of anything more terrifying than an angry mob.

We do not want these men to be reduced to a condition where the police will have to use their batons to maintain order or to oust them from some shelter. No one will justify their taking possession of a hotel. But I suppose the obvious answer would be: Where can we go? The local people say, "We are willing to take care of our share of the unemployed." The provincial authorities say, "We are willing to take care of our people." But a census has been taken and it is shown —I understand the minister has the precise figures—that at least 1,500 are men who have domiciles elsewhere, who do not belong to British Columbia at all, and have no real claim upon that province. But they are there. They have been in the camps all winter, and it is not fair simply to say to the police of Vancouver, "Your duty is to maintain order." They know that. And it is not fair to say to the government of British Columbia, "It is your task to take care of these unemployed."

The minister said a moment ago that he had made certain provision by items in the estimates; I suppose he meant the supplementary estimates—in fact he said he meant the supplementary estimates. Let us look at those items; let us see where he is going to provide for this emergency which is immediately before us. The first item is "To provide for commitments under relief settlement agreements with provincial governments." That item cannot be drawn on.

Mr. ROGERS: May I correct the hon. member?—because I know he wishes to get at the truth. I referred to the supplementary estimates in general. As he knows, there are expenditures under various departments including a number of larger items which are not assigned to particular projects or areas. So that in whatever the hon. member is doing obviously he should not confine himself to the estimates of the Department of Labour.

Mr. STEVENS: That of course has some force. I was looking at the minister's own estimates.

Mr. ROGERS: No; I was referring to the supplementary estimates generally.

Mr. STEVENS: That rather amuses me, because I have had experience for a great many years with estimates, both in putting them through and in criticizing others who have been trying to put them through. I have read over these estimates; I believe they convey about as much to me as they do to any other hon. member, and I imagine one can look closely and with microscopic care without finding very much in them which would meet the present situation. I find page after page containing votes for wharves, buildings, and this, that and the other thing, distributing moneys very wisely, or with a great deal of skill—I shall put it that way—to the different constituencies. I imagine a number of members will feel more or less pleased when they see the contributions made to their ridings in these estimates. But if we were to say to the 1,500 hungry men in the city of Vancouver that somewhere hidden away among these pages there is an estimate in which some money can be found to deal with their case, I imagine they would not be satisfied. The minister has failed to meet the emergency; not only has he failed, but he has repudiated responsibility. The position which I mentioned earlier in the session is the one which has been taken right along. I am not fastening this particularly on the minister, because I know the Prime Minister (Mr. Mackenzie King) takes and the former government took the same position, namely, that the responsibility rests upon the provinces and municipalities. That is the constitutional position, and I am not disputing it. But when you come to an emergency of this kind it is of little value to say to 1,500 hungry, destitute and homeless men that "the constitution does not permit us to do anything."

We cannot wait for the Rowell commission. Representations have been pouring in to the commission from every province in Canada, from almost every city the commission has visited—some of them on this very point, namely, the inability of municipalities and provinces to carry the burden of relief. They have not the resources. We might as well face the issue.

But the thing which disappointed me to-day was the stand taken by the minister. He takes a defeatist attitude, an attitude which does not recognize the fact that we have not yet approached a solution of the problem. We have not seriously attacked the problem or thought out a solution.

Mr. ROGERS: Will the hon. member permit a question?

Mr. STEVENS: Yes.

Mr. ROGERS: Does he believe that to create a preferred condition for transients with respect to works in British Columbia

would help the transients problem in that province? I should like to have an answer to the question.

Mr. STEVENS: I will answer it, very readily and without hesitancy. The first thing that must be done is to see that these men do not go hungry and are not deprived of the ordinary shelter required by human beings. That is the first thing. I recognize the fact that behind all this there are great economic problems facing this and other countries. My complaint and my quarrel, if I may say so, with the government—with parliament, if you like—is that we of the parliament are not tackling the underlying problem. Until we attack the underlying problem and move steadily towards a permanent solution, then obviously we must take the responsibility for the emergencies which face us while we delay doing so. That is the position I take. I say to the minister that we cannot and we dare not in this instance, and in similar instances which first thing we know will arise elsewhere, disregard these things. I deplore leaving the matter until men get desperate and see fit to occupy a hotel. I was shocked when I learned what had happened. It seemed to me that even at desperate local cost an effort should have been made to head off action of that kind. But it has occurred.

I remember a couple of winters ago many of these men used to walk into restaurants, eat their food and then say, "We have no money; what are you going to do about it?" Of course arrests were made, men were sent to prison, and all that sort of thing. But, Mr. Speaker, that is neither allaying the trouble and lessening the discord and bitterness nor finding a solution. I would urge upon the government that it should not try too much the patience of these unfortunate men.

I know what will be said. Some will say that this is really stirring them up. But frankly we have to face the facts in the house. We must be realistic. Where it is known and admitted that there is a body of men who have no just domicile in the city, those men should not be left on the doorstep of the city for maintenance and care. It is not inconsistent with what parliament has done for eight years, namely, to recognize that there is a national emergency in connection with the unemployment problem, and to take up the slack. We have done it, but, as I said a moment ago, the trouble is that we have usually waited until an emergency arose and some violence was shown before stepping in. That is only encouraging men to indulge in these things. While I am all with the minister that we should not be dragooned into action, if we precipitate action by our negligence and refusal to recognize a situation, then we as the parliament of Canada must take more responsibility than the men themselves.

As one of the hon. members who spoke before me said, the minister should notify the local authorities in British Columbia at once that the federal government will take up the slack in this case immediately and that they have in mind some solution of the problem. It has to be done. These men cannot starve. I can remember in the old days men used to drift off and scatter around the country and get something to do. But those days have passed; men cannot go out now and pick up a job here or there. Our whole economic structure has changed, and these conditions that some people treat somewhat lightly are really more severe than seems to be realized. The great bulk of these men are unable to get work, but they are willing to work and I do not think parliament can sit here and quietly pass over the matter with a disclaimer of constitutional authority.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, I should like to say at once that there has been no disclaimer on the ground of constitutional authority. That phrase has never been used by me in relation to this matter. As I have stated before to the house, the men who are the subject of this discussion were given employment during the winter months in dominion-provincial forestry conservation projects. They were not paid merely a sustenance allowance; they received thirty cents an hour during the time they were in the camp.

Mr. LAWSON: How many months would they be there?

Mr. ROGERS: The camps were opened about the middle of October and were closed on April 30. This has been the practice followed in previous years. This project was designed rather as a winter relief project for single homeless men. Some portion of the pay of these men was deferred and made payable to them in the form of post office vouchers after their employment in the camps had ended. Some 4,700 men were sheltered in the camps during the past winter months, which is somewhat less than the number sheltered in similar camps during the previous year. While the hon. member for Kootenay East (Mr. Stevens) was speaking I indicated that the Department of Labour in British Columbia had kept an accurate record of the

men who had passed through these forestry camps. It is a matter of some significance that 2,500 of the men who were in the camps in the previous year did not return this year. Clearly they have either found employment in British Columbia or returned to their homes in other parts of Canada.

I should like to make this point clear. Nothing has been said here this afternoon which would suggest in any way that this government has been indifferent to this special problem. As a matter of fact I am quite sure that I can convince hon. members on all sides of this house that we have dealt with this special problem in a sound and constructive way. Some time ago we had these large concentrations of single unemployed men in all the cities across this country. You do not find that to-day. During the past year it was only necessary to establish special projects to deal with this problem in the prairie provinces and in British Columbia. In the prairie provinces we used a farm employment plan under which some 45,000 men were placed during the winter months. I have not the actual figures before me, but I want to say that a gratifying proportion of these men have been enabled to remain in farm employment after the government bonus was withdrawn. Some little while ago the mayor of Regina stated that it was apparent that many of these men were remaining with the farmers who had employed them upon the basis of their receiving wages from the crop expected this autumn. The special payments to these men and to the farmers ceased on April 30. Only the other day I received a statement from the Minister of Labour of Manitoba to the effect that just under 3,000 of the young men who had been placed with farmers during the winter months had made wage contracts with those farmers and are to remain in their employ. Our information, which is based upon authoritative grounds, is that the problem of the single unemployed men in the cities of Manitoba, Saskatchewan and Alberta is less acute this year than it has been for many years.

Under the plan which gave single men employment in forestry conservation camps in British Columbia we created what might be termed preferred conditions in that province. I am not quarrelling with what was done, but the fact is that we paid the prevailing rates of wages, which was much more than was received by the men working under the farm employment plan in the prairie provinces. In the very nature of things this became known throughout the prairie provinces and we had a certain movement, particularly from the drought areas and the cities of western Canada, to British Columbia in order that the higher wages might be received in the forestry camps. As I have said, we closed the camps this year in substantially the same manner as they had been closed in other years. They were not continued through the summer months in other years. When the camps were closed the men had deferred vouchers coming to them for a period of weeks.

Mr. LAWSON: Approximately what percentage of the wages was deferred?

Mr. ROGERS: I have not the actual percentage. A man paid seventy-five cents a day for board, and I believe about half of what was coming to him was held back in the form of post office vouchers.

Mr. LAWSON: Surely it would not have been possible for a man to spend half of what he earned between May 1 and May 23.

Mr. ROGERS: The men were not all continuously employed during the entire period the camps were operated. There was a rotation of the men, but when they left the camps they had some resources in the form of these post office vouchers. We have found from previous experience that this was the best method of dealing with this particular situation. The same thing was done in connection with the closing of the relief camps and the special maintenance work on the railways. I do not think there is any doubt that these men were induced to remain in Vancouver in order that through the strength of numbers and the influence which numbers might bring to bear upon governments, either the forestry camps would be reopened or some special project would be created for their employment. That suggestion is supported by circumstantial evidence. I am not implying that there is anything criminal in that action, in so far as it merely expresses the desire of those men that they should have these special projects provided for them.

As to the question whether or not this government has sought in any way to escape its responsibility for dealing with this question, I should like to make it clear that from the beginning of this month we have been keping closely in touch with the situation. But I am sure it must appeal to the reason of everyone here that those who are actually face to face with the situation—the provincial government, for example, and its officials—who have to deal with this transiency problem from year to year in that

province, are in a better position to advise as to the course of policy than we who are three thousand miles away. Mr. Pearson, the Minister of Labour of British Columbia, made a public statement on Tuesday, May 17, with respect to this question. I propose to place this statement on Hansard. It is brief; on the other hand, it is put in very definite, unequivocal terms:

During the winter season of 1937-38 the provincial government in cooperation with the dominion government, have provided relief through our forest development plan to 1,800 single homeless men who were recent arrivals from other provinces and in the province before November 1, 1937.

We believe that during the summer months it is possible for these single men who are our own residents to find sufficient work to provide for themselves during the summer and in many cases also during the winter, but the added burden of the accumulation from other provinces makes it difficult for our own residents to get the work that is available.

The province of British Columbia does not intend to make provincial forest development projects available to those from outside the province next winter, nor to provide any other form of assistance for them.

We feel that it is desirable that the 1,800 men who have been supported in this province during the past winter in forest development projects should return to the province from which they came as rapidly as possible.

In order to make this possible the provincial government will assist those men to return to the province of previous residence, and it is requested that these men make application to 581 Homer street, Vancouver, for such assistance.

That was the statement made by the Minister of Labour of British Columbia. There is nothing in it that is provocative; there is nothing in it that is callous; there is merely the statement that in the view of the government of British Columbia the most sensible way to deal with this situation was to afford transportation to their homes to the former members of the forest conservation camps who had come from other provinces.

I had occasion some time after that statement was made to say that it appeared to be a reasonable way of dealing with the camp situation and that it had my full support as Minister of Labour of the dominion government. I believe that upon reflection one must acknowledge that what we have here to deal with is the problem of transiency. Do you want to take action which is going to increase transiency, or do you want to take action which is going to decrease transiency? If you adopt a certain policy with relation to this matter, if you put transients in a preferred position, or if you place the province of British Columbia with reference to these men in a preferred position, can anyone urge reasonably that this is going to correct the transiency situation in British Columbia? On the contrary, is it not obvious that to create preferred conditions of that kind in British Columbia will attract transients to that province from other provinces and in the long run you will have an aggravation and not an improvement of the situation? That is why in the opinion of the province of British Columbia the best way to deal with this situation was to afford these men the opportunity to return to their homes so that British Columbia could deal with its own residents, even as other provinces are dealing with their own residents.

I should like to express satisfaction that in the discussion of this question so far there has been no evidence of bitterness or of undue indignation. We have discussed it in a temperate and moderate way. Surely that is the manner in which these questions ought to be discussed. But may I suggest that one does not solve these problems by sudden concessions to immediate demands. You may by such concessions create more difficult problems than those you seek to solve. And if one follows this whole question through, I believe it cannot but be admitted that the proposal made by the Minister of Labour of British Columbia was a sensible proposal in the circumstances, and I feel that those who have urged these men from other provinces to remain in Vancouver under existing conditions have not given good advice.

Before I close I should like to remove any doubt in the mind of any hon. member, particularly of those from the city of Vancouver who have spoken, that there is any lack of sympathetic understanding of this problem upon the part of this government. What I said with reference to our not being influenced with respect to the apportionment of estimates in this or that area or to this or that project because of mass demonstrations or intimidation is a statement which no one can question. A government that surrenders to threats what it cannot concede to reason has already abdicated. That is abundantly clear. We will at all times seek to deal with this question upon a basis of consultation and cooperation with the provincial governments. And we believe that up to this time the measures proposed by the provincial government have been measures which deserve the support of those immediately affected.

Mr. MacNEIL: Will the minister permit a question before he completes his statement? In the first place, do his reports indicate

whether or not a large percentage of these men are without relief vouchers which would supply them with food and shelter? Secondly, is it not true that a large number of them cannot designate any home; that they are actually without homes and cannot return to any particular area where they will receive aid in the way either of employment or of relief?

Mr. ROGERS: On that point I have the assurance of the provincial government that when these men entered forestry camps a record was taken of the place from which each one came, and there is every reason to believe that on the basis of those records their transportation can be effected in a way which will safeguard them and the communities concerned. As to the other question, that of relief to be afforded to them in the meantime, that is a question in the nature of things which has to be decided at the instance of the provincial government. As I understand it, the provincial government have made it clear that they are able to deal with those transients, former members of these forestry conservation camps, who were resident within the province, but they have stated at the same time that the non-residents ought to accept the offer of transportation to their homes. When that is done and these men do return to their homes the provinces concerned will be in a position to decide the manner in which they will deal with individual cases.

Mr. LAWSON: Would the minister permit another question? I have to ask it now because it may be that under the rules the minister will not have an opportunity to speak again if someone else gets the floor. There must be data available in the minister's department which would indicate to hon. members who are sincerely seeking information in connection with this situation the average amount of money in deferred pay which these 1,500 men would receive or should have received or have received between the first and the twenty-third of May, if the camps closed on April 30. I would ask the minister to make available to the house any information that his department has of that kind. One factor in our consideration of the degree of sympathy which should be extended to these men would be some indication as to whether their being without food and shelter by the twenty-third of May was justified by circumstances beyond their control.

Mr. A. W. NEILL (Comox-Alberni): While the treatment I have received from the departments of immigration and fisheries would make me feel like taking advantage of any opportunity to throw bricks at the government, yet a saving sense of fairness leads me to say a few words in support of the attitude of the Minister of Labour (Mr. Rogers) although he appears to be abundantly able to take care of himself. It is easy for us here to find fault with the Minister of Labour. He is here, he is before us, and he is at one end of a 3,000 mile string; and we are not in as good a position to know what is going on at the other end as we might be. But I ask myself this question: Does no blame attach to the officials in British Columbia? The minister has been kept informed of what has happened, yes. We can all do that; the newspapers will inform us. But was he not entitled to what I might call "advance information"? People who are paid to be in the position of the Minister of Labour and those under him are supposed to keep their fingers on the pulse of public sentiment whether it be on the street or in labour camps.

Mr. ROGERS: I would certainly not wish to do any injustice to the officials of the Department of Labour in British Columbia. I did inform the house that I had been kept advised of developments in Vancouver through the Minister of Labour of British Columbia. I have been in communication with him by telephone on several occasions and I was aware of the statement he made on Tuesday, May 17, which I have placed on the records of the house.

Mr. NEILL: Yes. That was made on the eve of a provincial by-election. I was not referring to a statement of what was happening but rather to what was going to happen. Was the minister advised that action of the kind indicated was anticipated?

Mr. ROGERS: The action set forth in this statement? Yes.

Mr. NEILL: I beg your pardon?

Mr. ROGERS: I say, I was advised that action of the kind set forth in this statement was anticipated. I had no preknowledge of later events that have occurred in the last three days.

Mr. NEILL: I am not talking about what action the minister would take, but what the men were likely to do.

Mr. ROGERS: I had no foreknowledge of that.

Mr. NEILL: That is what I am trying to get at. The British Columbia minister should have been in a position to advise the Minister of Labour and to keep their fingers on the

pulse of the situation. I have no doubt that any of us representing Vancouver and adjacent districts who had been out there would have seen that. The point I am making is this. It is easy to be wise after the event, after the minister has been informed; but what are we to do when a difficult situation of this kind arises. The Minister of Labour of British Columbia has the reputation of often making wise decisions, but quite as often he makes them ten days too late; and in these days of crisis, when feeling runs high, quick action is just as desirable as wise decisions.

Let me suggest what the situation was, and I think it is obvious; it is obvious to those of us who come from that province. These men were presumably transients, and not all with homes in the prairies. Probably a considerable number of them would be without any real domicile because of the transient way in which they have been living in the last two or three years. At any rate, the minister, in collaboration with the Minister of Labour of the province, made provision for them to be in camps in the winter months. I visited one of these camps two years ago and was more than intrigued to see the splendid results being obtained. There was no suggestion of military discipline or coercion; the men were treated in a fine spirit. I went unexpectedly and had lunch with them and saw what they had to eat, and I found that the discipline in the camp was just such as one might expect to find in an ordinary logging camp. These young men were given the best training so that when they left the camp and tried to get a job in the bush they could say that they knew something about handling a saw and an axe, and other accessories of the logging industry. That part was all right. Then it was arranged apparently that they were to be paid so much an hour, a certain proportion to be deducted for board and a certain proportion set aside, so that when they were turned loose on the 30th day of April they would have a sum calculated to provide them with $4 a week so as to keep them going until they had a chance either to obtain work or to return to their homes.

At this point I consider that the department in British Columbia was lacking. They were not all in one camp, but in various camps, and all these men were allowed to leave the camps on a given day with the result that they congregated in the city of Vancouver. The authorities practically threw them there; at any rate, they were compelled to go there. It was unanimous action even if they were not animated by one object. Here are these men, with a few dollars left in their pockets, milling around Vancouver, with a few agitators in their midst—and one agitator can do more harm than a hundred honest men—stirring them up and telling them what they ought to do.

That is not the way in which the situation should have been handled. Of course, it is easy to talk about it now, after the trouble has been precipitated, but certainly these men should have been released in staggered groups. and they should have been approached and asked for statements as to where they came from, and so on—

Mr. ROGERS: The lay-offs were staggered through March and April.

Mr. NEILL: —and then advised to go to their homes, with such assistance as might have been given them. But no attempt was made to handle the situation along these lines.

Mr. ROGERS: The departure from the camps was staggered through the months of March and April. The men began to leave the camps early in March and the final number left at the middle of April.

Mr. NEILL: Had any considerable proportion left before the end of the month?

Mr. ROGERS: Yes. I have not the actual figures, but the movement out began in March.

Mr. NEILL: But the final disruption took place in one day, on the 30th of April, and then the men congregated in Vancouver, where they produced the situation which is now before us. If the matter had been handled in the manner I have suggested the minister would have found, as he will still find, that a certain proportion of the men—and they are probably the men most open to suggestion from agitators and others of that sort—have no homes to go to. They have been travelling around as transients so long that neither Regina nor the province of Saskatchewan will recognize them and they will be repudiated there, so that they will certainly have to be taken care of in the province of British Columbia. However, we are faced with the situation and something must be done about it, and I am going to make a suggestion which I think might be considered.

These men have been excellently trained in bush work, logging and so on, a training that is of no use to them in the prairies. But there is plenty of work of that kind under government auspices that could be initiated at this moment, and I would mention one in particular. A number of years ago a lighthouse and wireless station was established at a place called Estevan Point. The coast is rocky and it is difficult to land supplies, so

that lighthouse tenders were delayed on many occasions. It was decided to establish a better landing at a greater distance. The suggestion was made that, naturally, they would need communication in order to get oil, coal and other supplies, and against my strong recommendation it was decided not to build a light steel railway as had been already done for a shorter distance, but to make a road. I do not think it is unfair to say that this work was carried out in the worst possible manner. The road was carelessly located in the wrong place where it was foredoomed to failure and liable to be washed out. The result was that after a while we had to patch it up, and we are now patching up road that we first put down. As a matter of fact, we have not yet done the whole road. I drove over it in a Ford truck some time ago and covered the five miles in an hour and a quarter in low gear. That will give you an idea of the sort of road it is. I took the matter up with the department and in the course of time they recognized the mistake they had made. They had their engineers report on it and it was agreed to locate the road over a new site on a higher level; where for an expenditure of $30,000 originally a real road could have been made, a road that would cost almost nothing to maintain. As a matter of fact, we spent $15,000 to begin with and have been spending $3,000 every year for ten or fifteen years, and have nothing to show for that expenditure except a very bad road, indeed the burlesque of a road. The department concerned put an item of $30,000 in the estimates, but it does not appear in the supplementaries so I presume it fell by the wayside in that mysterious place known as the treasury board. That is money that could have been spent, not just to make work, but to make money for the government because once spent they would not have had to meet this annual maintenance charge. This is the season of the year that the work should be done, early summer coming on and the best of labour conditions. It is no good doing the work in the winter, with the perpetual wet that prevails there. You have these men idle in Vancouver, and probably half of them would be willing to go back to their homes, Those who have no homes but have this technical training in such work could be put to road building, which is exactly the work they have been trained for, and that would meet the emergent situation.

As the members from Vancouver have said, the situation is there and you have to deal with it now; it is no good theorizing about it. If that $30,000 had been set aside, or to use the minister's words that amount of unallocated funds had been used to go on with the building of this road, the province of British Columbia has road-building machinery available and the money would have been spent with the best posible benefit, and with a very big return from the $30,000 expenditure, and it would meet the situation in Vancouver to-day. But if you go on simply talking about it and passing resolutions and saying what ought to have been done, what is going to be the situation in Vancouver? What damages will be collected from some government for the damage done to the hotel owing to its occupation by these men? I understand that the member for Kamloops (Mr. O'Neill) said that the aldermen united and gave $500 to get these men out. Who is going to pay the damages to the hotel? And who is going to get the men out of the post office? These questions are urgent and are here to-day. There is that road waiting to be built. It is not a political thing at all; it is intended to be done, and there are the men able and willing to do it and urgently needing the work. I suggest that the minister should consider it. It need be only a matter of hours before the work could be started. There is a report in the department by a competent engineer laying out where the route should be and its advantages over the present site.

Mrs. MARTHA LOUISE BLACK (Yukon): Mr. Speaker, it seems to me that I need offer no apology for my courteously sympathetic words to the hon. Minister of Labour (Mr. Rogers) the other evening. In fact, I can quite imagine myself at times feeling sorry for the hon. member for Vancouver East (Mr. MacInnis) for perhaps a different reason. But we have on the coast, in Vancouver, a sore that is fast degenerating into a running sore. It is worse than a double nettle, and we have got to make up our minds to get rid of it. Undoubtedly many of these men who left the camps after a winter there had a little money, but I know from experience that men coming in from logging camps, where many of them have been working for high wages, spend practically every cent they have with them in a week or ten days or less than a month, and then they come to the agency begging for an advance on the work they are going to do next season. Youth is hot and adventurous and spends money freely on what we perhaps of the older generation call nonsense and foolishness.

I feel that I can speak fairly plainly now because the boy of mine who went over a year ago used frequently to visit the camps

of the unemployed under the previous government, and speaking in confidence to his mother he said, "Mother, the men in these camps are far better off than the privates in the army. They get money. They have the camps. They can come and go as they please. They are under no discipline. The privates in the army are in camps but they are under a very severe discipline." And he said, "My idea"—and it is my own idea now— "is that these men should either be put in camps to work constantly or join the army." We are begging men to join our army because we may need them some day. Why should we do that when we are taking care of men who are doing nothing? Far be it from me to advocate a Hitler or a Mussolini in this country. But when I hear young children to-day telling their mothers to "shut up"— "I hate you"— "I won't do it"—I wonder, Mr. Speaker, what we are breeding and what we are going to have in this and the coming generation? As I said the other day, boys in Vancouver, in British Columbia, from twelve to twenty years of age, are disobeying the law and being sent to the gaol and the penitentiary. Why? Because in the first place they have not been brought up properly at home. I am not ashamed to say now that when I was seventeen years old I spoke most disrespectfully to my mother, and my father knocked me down. When I gathered myself up he said, "Go to your room. Never let me hear you speak to your mother again in that manner." It was pretty hard discipline for a young girl, but I look back now and I thank God that I had such a father to discipline me, and he disciplined us all. If the children of to-day were disciplined as the children of that day were, we would have a better race. They are in some families.

On the coast of British Columbia, in Vancouver, we have a climate far better than any other climate in Canada, and naturally people tend to migrate there. I don't believe at all in saying, because you come from Saskatchewan, I in Alberta am not going to give you a mouthful; or, because you come from Nova Scotia, I here in Ontario will see you starve. Because, after all, we are all people of Canada. It is a federal matter. People should not be allowed to starve as long as they are willing to work. I do not care who the minister is, I do not care who the man or the woman is, whether it be prince or pauper; I can offer my sympathy to them when they are in personal sorrow or when they are labouring under great mental stress. A mother's heart perhaps is a little softer than the heart of an ordinary member unmarried or one who has no children. She may be foolishly sentimental, according to others, but at the same time we can see far into the future. This is a marvellous land. From east to west there is everything to make the country desirable. We have unlimited resources, we have members from both sides of the house talking about the development of these resources, but they can be developed only by our hands. It is up to our younger people to have the opportunity to develop these resources, and surely the minister and the government will evolve a way of developing them.

I thought when relief was given in the first place, many years ago, that it was a mistake. I have never had anything for nothing; I have always had to work for it. I think all ablebodied men and women and children should have to work for all they get. It is a different matter with men who are not well and with women who are unable because of family duties to go outside and work, and we should have a paternal attitude towards them. But just as sure as there is a heaven overhead, if we are not going to go a little deeper into this matter of unemployment, some day we are going to have a revolution. I am not so much afraid of a revolution in this country as in a country where people have more of the Gallic or high-strung temperament. We shall be slow, but eventually we must look out for our unemployed or there will be trouble.

In British Columbia there is always more or less crime. The police of the neighbouring state of Washington shove their undesirables over to us, and in turn we shove our undesirables over to them, so I can well imagine that many of these unemployed men may not come from Ontario or Saskatchewan. They may come from the other side of the line; it is difficult to tell. But surely we cannot allow men to go in and take possession of a federal building. After all, that is ours, yours and mine; it is not the property of the people of Vancouver alone. Surely we cannot allow that to happen. We must not have riots, with broken heads, broken hearts and perhaps men killed now and then. We must think; we must work hard, and I have enough faith in the government of to-day to believe that they are doing the very best they possibly can, if not for the sake of the unemployed, if not for the sake of the individuals, at least for the sake of their own reputations. I cannot look at one side of the house and think those men are all the best that God put on earth, any more than I can look at the other side of the house and think those men are all the worst. I think

perhaps when hon. members criticize me and other hon. members of this house, in their hearts they may have the idea that they know what is right, or that they could solve the problem. I have no such idea. I do not know, and I feel sorry for those who have that burden to bear, but it is a burden they must assume. They have accepted these positions and they must bring us out of the mire of despond in which we now find ourselves.

Many of these unemployed men went to Vancouver with money in their pockets. With care that money might have lasted two, three or four weeks, or perhaps two months. But, as I have said, young blood is hot, and the money goes quickly. Then they are led away by agitators, of whom, alas, there are far too many, not only on the prairies or in British Columbia, but all over Canada. Somebody with a glib tongue comes along to stir up those who are less glib or those not so well balanced.

Mr. T. J. O'NEILL (Kamloops): In asking my question to-day I seem to have stirred up a field day at the expense of the Minister of Labour (Mr. Rogers). I assure him I had not that intention, but in this discussion I have noticed something that I think should be mentioned at this time. The supplementary estimates have been just brought down, providing quite a large sum of money that will be used principally to relieve the unemployment situation. But it is now almost June 1. A good deal of that money is for public buildings, and after these estimates have been approved by the house plans must be prepared, tenders must be called for, and in all about three months will elapse before construction is actually started. By that time unfavourable weather conditions will have set in, and either the projects will have to be abandoned until next year or men will have to work under very adverse conditions and at much greater cost to the government than would be the case if we were ready to start work now.

I am not particularly directing these observations against the present government, because this sort of thing has gone on in this country for years and years. I do not know whether or not it is because of the fact that we have the fiscal year ending at the wrong time; I do not know whether that has anything to do with it. Personally I do not see why there should be any difference between the end of the calendar year and the end of the fiscal year, but certainly we should be starting work on these projects now instead of possibly the first of September. I know we cannot correct that situation this year, but I think it is something every hon. member should take into consideration, to see if there is not some way of overcoming the difficulty so that work may be started in the spring of the year rather than in the fall.

Hon. CHARLES A. DUNNING (Minister of Finance): I think there is a good deal of force to the remarks of the last speaker (Mr. O'Neill) but in considering the difficulty to which the hon. member has referred it may be helpful if I point out that with respect to the supplementary estimates now before the house I know that many departments have their plans well advanced in order to enable quick action to be taken with respect to many of the projects contemplated under the supplementary estimates. In order still further to facilitate action along that line I hope to ask the house either to-day or to-morrow for interim supply on the main estimates—this being necessary, of course, because of the near approach of the end of May, which is the limit of our present authority in that regard—and also for a proportion of the amounts involved in the supplementary estimates, in order that work may be provided as quickly as possible in connection with projects as to which the preliminary work has been done by the departments concerned.

The criticism of my hon. friend is quite proper and does apply to government work generally. You cannot proceed until you get your authorization; and even in asking for interim supply of course it must be a condition that the granting of such supply does not debar criticism or consideration of any individual item. That is the usual condition, but I just wanted to assure my hon. friend that every effort will be made by the departments concerned to get under way immediately with projects for which definite plans exist; and they do exist with respect to quite a number of matters contemplated by the various departments.

Mr. R. E. FINN (Halifax): When we consider this question of unemployment, which has been brought up on the motion to go into supply by the hon. member for Vancouver East (Mr. MacInnis), supported by the hon. member for Kootenay East (Mr. Stevens), answered by the Minister of Labour (Mr. Rogers) and dealt with by the various other hon. members who have spoken this afternoon, including the only lady member in the house to-day, the hon. member for Yukon (Mrs. Black), I think it well that our attention should not be directed only to the three or four provinces west of Ontario. I think we

should have a thought also for the great provinces of Ontario and Quebec, and the maritime provinces as well.

I well remember walking out of this house after prorogation last year with my hon. friend the Minister of National Defence (Mr. Mackenzie). I was afraid that the closing of the camp at Halifax, on Citadel Hill, might be a mistake, that the expectations of the Minister of Labour might not be realized, and as we walked along I said to the Minister of National Defence, "Close it if you will, but keep it in such condition that if it is necessary to reopen it there will not be a single man forced to walk the streets, and there will be no crimes committed," such as we have heard mentioned this afternoon as having been committed in Vancouver. The minister did not make a positive reply, but what was said made me think, "Well, Citadel Hill, that great promontory in the city of Halifax, no longer will be used for this purpose even if we find that unemployment is inevitable," and unemployment apparently has become inevitable, not only in the city of Halifax. It has come to us through our fishermen along the shores of Halifax county. From Ecum Secum for a distance of one hundred and fifteen miles to Dartmouth, and from Halifax city to Hubbard's Cove and the indented bays there has been this relentless enemy which has been ever at the door. I do not say this government has been wholly responsible, but I have read scrupulously the order in council passed by the late administration under the leadership of the present leader of the opposition (Mr. Bennett) in reference to trawlers. The Minister of Fisheries of that time was the Hon. E. N. Rhodes who, I regret to say, is ill. He stood tenaciously to protect the interests of the fishermen as against those of capitalists who had been responsible for the sores and the hurts in the minds and hearts of the fishermen along the shore. There came a day, there came an hour, and there came a moment when the present Minister of Fisheries (Mr. Michaud) came to a decision. His decision was absolutely against the fishermen and in favour of the privileged interests, in favour of the capitalists, and particularly the National Fish Company and the Maritime Fish Company organizations which have grown prosperous in the city of Halifax.

The fishermen were left where? They were left where they are at the present moment, with starvation in some of their own homes, with their boats and fishing gear swept away by the southeast gales. Some of them lost their lives, never to return to their homes. In this connection, I believe I can give one of the best illustrations possible of description by the human mind or heart. In a little fishing village on the west coast of Halifax, a place which was once prosperous but is prosperous no more, a fisherman had lost everything, and had not the money wherewith to repair his humble little fishing home. During the late war a building had been erected in that small village, and when he wrote me the building was uninhabited, unoccupied and not being used in any way. This man told me that it was impossible to repair his home so as to make it habitable, that he had a wife and eight children and wanted to know if it would be possible to buy that building or to have some charitable person buy it for him so that he and his family might live in quiet comfort, and not be put out in the cold. When I received the letter I wrote to the minister I thought would be in charge, the Minister of National Defence (Mr. Mackenzie). He replied properly and correctly that the matter came under the jurisdiction of the military gentleman who was responsible for salvaging, and that the building would have to be put up to tender. That was done, and the man in question bid $42. He was met by a bid of $44 from another person, a man who did not need it. That man got the building, and the man who needed it did not get it.

Has everything the government has done been done by contract? Has that been done in all departments? "Necessity knows no law," and when it comes to a case of necessity I will get what I need to subsist on. There should be no need in this Canada of ours, a country with great prospects, expansive areas and a great future. When I think of our relations with the country to the south of us, a country smaller in area than Canada, but with a population of 130,000,000 people as against our 11,000,000. What is our future? We think of those who have lived in past days and who were the great builders in this great confederation. We think of the ideals of Sir John A. Macdonald, the ideals of Hon. Joseph Howe, the ideals of our great leader who has departed, Sir Wilfrid Laurier, the man who envisioned the building of the Transcontinental railway so as to gather the maritime provinces under the wing of Canada and to bring them nearer the great Canadian centres in order that those eastern provinces might participate in the great Canada of the future. One need only read the schedule to this act respecting the Transcontinental railway to realize what happened. In that schedule it is stated in no uncertain words, in words that are true, that unless otherwise specifically

routed by the consignor, all goods shipped from Canada shall travel through Canada to Canadian ports. The development of Canada was to come through that. What has happened? He who runs may read.

I was deeply interested when a few days ago in the house a discussion arose between the Minister of Transport and an hon. member, and at that time I was reminded that in my belief the unmaking of Canada is that we own that stretch of the Grand Trunk running between Chicago and Detroit. If one studies the statistics respecting trade through Canadian ports he will find one thing and one only, namely that the stretch of railway between Chicago and Detroit helps the port of Montreal and American ports.. I am not opposed to that port. We realize that while our railway is within the confines of that country, and until we pass Windsor, at which time we come within the jurisdiction of the Board of Railway Commissioners for Canada, we are subject to the interstate law of the United States. Their law is their law, and not ours. Notwithstanding the judgment of Mr. Fairweather, notwithstanding the judgment of the president of the Canadian National Railways system, I say it would be far better to sell that stretch of railway in the United States, to get what it is worth, and to have Canadian owned railways in Canadian territory, managed by Canadians and subject to the supreme will of Canada. Unless we do that we will have a misnomer in the life of the future Canada we shall not live to see. Some of the younger hon. members may live to see that day; I hope they will.

When I look across the floor of the house I am reminded that when I attended La Salle Academy in Halifax there was an oratorical contest for the gold medal donated by the then Archbishop O'Brien. One of the judges was the present member for St. Lawrence-St. George (Mr. Cahan), the late Secretary of State. Later, when I came to parliament again in 1935, I was walking out of the house one day during the first session, and the hon. gentleman said to me that he recalled the incident and said, "I made up my mind then that some day you would be in the parliament of Canada, but I never thought I would live to be here with you." He had thought he might have gone to that great bourne from which no traveller returns. But to-day he sits there, with his years, lovely and beautiful, in the knowledge that he has tried to do his best for Canada and for the little province of Nova Scotia, down by the sounding sea, in which he was born. He has tried to make it the finest and best of that galaxy of provinces which make up our great dominion.

There is one thing I would urge upon the Minister of Labour (Mr. Rogers). There is no hon. member of the government who is more assiduous in his duties, there is no one who applies himself more directly and effectively to the great problems that confront Canada in connection with labour and unemployment than the Minister of Labour. That work is his love. When the Prime Minister of Canada (Mr. Mackenzie King) called upon him to enter his cabinet he left the great university where he was teaching to come to teach all those in Canada that there is a broader field to greater knowledge. We cannot close our eyes to the fact that unemployment is ever existent. At times it has been characterized as a sore. I do not call it a sore, I consider it the inevitable aftermath of war. After the great war of 1914-18 we had a survival in business, but then came the great depression of 1929. We are now in the midst of what a very able exponent of peace, an hon. gentleman who guides the destinies of young Canada to-day, only a few days ago said, that it might be the dust of Canada that would turn the scales from peace to war.

In Great Britain we have that able, astute Prime Minister, Mr. Neville Chamberlain. He is uncompromising and what is more necessary, he is unbending. He will not yield to the foe, although he is always ready to give consideration to the different views of all parts of the British Empire. He should not be too trustful of those who might attack us behind our backs to-morrow. As Cassius said to Brutus:

> There is my dagger,
> And here my naked breast; within, a heart
> Dearer than Plutus' mine, richer than gold:
> If that thou be'st a Roman, take it forth;
> I, that denied thee gold, will give my heart;
> Strike, as thou didst at Caesar; for, I know,
> When thou didst hate him worst, thou lovedst him better
> Than ever thou lovedst Cassius.

I differ with the statement made this afternoon by the hon. member for the Yukon (Mrs. Black), and I think in retrospect she will agree with what I am about to say. I understood her to say that a man who could not give value deserved to be idle.

Mrs. BLACK: If he was in good health.

Mr. FINN: If he was in good health. Speaking for my own province, and particularly for the city and county of Halifax, I may say that there are many people there who are in good health and who would like

to have employment. I have always taken the stand that no man owes anything to any government, be it Liberal, Conservative or a government made up of some particular groups, as may happen sometimes. When a man is willing to work, then the nation owes him a living. The Minister of Finance (Mr. Dunning) stated a short time ago that it was the intention of the Minister of Labour and the Minister of Public Works (Mr. Cardin) to put the unemployed of Canada to work by means of the main and supplementary estimates. I was pleased to see that the supplementary estimates contained the means for providing employment throughout all the provinces of Canada, both according to the needs of the individual and according to the requirements that should be lived up to in connection with public works.

The glorious duty of every hon. member who sits here is to serve his country. We who sit here have the confidence of the people. We should address ourselves to the problems of our constituents and endeavour to get at what might be called the foundations of unemployment. I can remember one Sunday evening a week before that grand old man, the leader of Liberalism, Sir Wilfrid Laurier, died. I was sitting with him in Laurier House and he said something to me that I shall never forget. He said, "My dear Finn, hold on to British institutions. They are the finest and the best; they give us constitutional liberty and the finest thoughts that a Canadian could have as a member of the British Empire." That great man was misunderstood at times, and I know that if those words could have been spoken to someone who was not his friend, politically, he would have been even more admired before he died. But he has never been forgotten by those who loved him and many of whom pass daily by his monument which looks out on the city of Ottawa. Monuments are wonderful things, but the joyousness of doing something is within the power of the government, the Minister of Labour and the members of this house.

There are many homes in this country where all are sad when the father who has been looking for work comes home and says he has been unable to find it. There is hunger in these homes, not only of the stomach but of the heart. This is what is happening in the city of Halifax and in the county of Halifax. Yet the Minister of Fisheries (Mr. Michaud) dealt a tremendous blow to the fishermen along our coast when he granted trawler licences to the great interests in the city. Not only did he do that, but he placed on a pedestal my colleague (Mr. Isnor), who turned from the fishermen to the capitalist with the excuse that there was $1,400,000 invested which he would have to look after. He was not interested in the fisherman. But there is always a day of reckoning; there is always a reply. I thank God that in my public life of nearly twenty-five years I have always stood for the underdog without being unfair to the upper dog; and as the leopard cannot change his spots, no more can I. I wish there was a right of recall in this country. There is not, but I say sincerely that if my course in this house is not one that meets with the approval of the people who sent me here, let them make it known to me, and, Mr. Speaker, within the twinkling of an eye I will tender you my resignation, but there will be attached to it one principle conforming with a high standard of public life. I will hand back to my constituents the confidence they gave to me, but I will say when I am resigning that I think it would be proper, real and honourable that he who is elected with me, who was my helpmate by my side during the campaign, should also tender his resignation, and we would both go back to the people who sent us here. If he does not come back then he is wrong; if I do not come back I am wrong.

An hon. MEMBER: You are both wrong.

Mr. FINN: But there will be a sense of responsibility.

An hon. MEMBER: You will both come back.

Mr. FINN: We shall both come back? I want to say that if that is so, I don't want to come back. Open confession is good for the soul. "Ye cannot serve God and mammon." You must either stand for a principle or you must be against it. That was the great thought of Him who died for us all; they could not be for Him and against Him. Therefore there is the great dividing line, as there is on this green carpet, a dividing line between ourselves and the hon. gentlemen who sit opposite, but there is not sufficient room on this side of the house for all who think as we do, therefore some have to sit opposite and cast their lovely shadows on those who are doing their duty as members of the opposition and of the various groups who are intelligently giving themselves to their arduous tasks in the hours when parliament is dealing with these tremendous questions.

The thought I should like the Minister of Labour to convey to the Prime Minister and to that sturdy, wonderful man who comes from the province of Quebec, the Minister of Justice (Mr. Lapointe), is that, the steady tide of criticism notwithstanding, his shrewdness, his boldness, are not begotten of something which is not within himself; God and nature endowed him with one thing—

Mr. SPEAKER: Order.

Mr. FINN: Do not speak to me, Mr. Speaker, when I am speaking about God. God and nature endowed him with one lovely quality, and that is justice, as Minister of Justice—justice to all, fairness to everybody, and kindness to the whole of Canada.

Motion agreed to, and the house went into committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF AGRICULTURE

Departmental administration—further amount required, $7,350.

Mr. STEWART: On Friday evening I asked the Minister of Finance what the business for to-day would be, and his reply was:

On Monday we might be prepared to take any bills on the order paper, and supply, Fisheries, Pensions and National Health, National Revenue and Finance.

Mr. Neill: In that order?

Mr. Dunning: If possible, in that order, but I am not sure about some of the ministers.

Now apparently it is proposed to take up a department which is not named here—agriculture. The situation is this, that some of the hon. members on this side of the house who are responsible for intelligently discussing these estimates and getting them through in the shortest space of time because of the knowledge they have of the subject, are not here to-day. I suggest to the minister that we should probably make more rapid progress if we took some of the departments which he mentioned. I know that as regards some of these agriculture items there are hon. members who are not here to-day who desire to discuss them at some length.

Mr. DUNNING: I really cannot complain of the criticism of my hon. friend opposite. I remember that on Friday night I was pretty tired and was somewhat embarrassed to answer the usual question with respect to what items would be taken up, and I did not mention agriculture. As a matter of honour, when one does not indicate a department in supply on the previous evening it should not be taken up if there is objection from the other side. Would there be any objection to going on with agriculture this evening? Possibly some of the hon. members to whom my hon. friend is referring will be here on the afternoon train. We should like to make progress on some of these more important supplementaries having to do with works which it is intended to get under way as speedily as possible, and perhaps this evening we could take up agriculture. At any rate I ask my hon. friend to give consideration to the matter between now and then.

Mr. STEWART: We wish to facilitate as far as possible, of course, the transaction of the business of the house, and certainly I shall give the matter consideration. But if the government proposes to go into supply again to-morrow I think we should be in a better position to facilitate the passing of these estimates then and would probably make just as much progress.

Mr. DUNNING: There is some doubt about going into supply to-morrow.

Mr. STEWART: If there are any items which are not controversial, perhaps they could be dealt with.

Mr. GARDINER: If it would be satisfactory to go on to-night and there are any items in the agriculture estimates which it is desired to have held over, I would be quite prepared to let those particular items stand.

Mr. STEWART: I shall be pleased to look into the situation in the light of what the Minister of Finance and the Minister of Agriculture have said and see what we can do to facilitate the work of the house.

Item stands.

DEPARTMENT OF FISHERIES

Fisheries inspection, including fishery officers and guardians, fisheries patrol and fisheries protection services, $1,000,000.

Mr. NEILL: When this estimate was before the committee on the last occasion there was some discussion of fish traps in British Columbia, and I would refer again briefly to that matter. I do not propose to rehash the whole subject. It would take hours and the matter would be unsuitable for a committee of this size. That is why a special committee was instituted for the discussion of all such matters. To-day I simply want, so to speak, to begin where the committee left off. The committee submitted a report, the first recommendation of which reads:

That no more trap licences be granted in British Columbia waters except in the so called Sooke area, and concerning which we are unable to come to a decision as to whether they should be continued or not, without the opportunity of securing further information.

There were some other recommendations, and the last one indicates that a check should be made on fish caught and the details carefully collected. I maintain that the report in its essence, although the word was not used, was an interim report. It was so regarded by the committee. It stated that the committee were unable to come to a decision as to whether the whole matter referred to them should be decided or not without opportunity of securing further information, and they recommended that the department should secure that additional information. Some of that information has been obtained and I have it here now. Speaking on this subject, the minister made a statement which I wish to quote. I asked that the data which the committee had recommended should be collected, and which had been collected, should be referred to the committee, and the minister made this statement:

Mr. Michaud: That is a matter which my hon. friend should refer either to the house or to the committee. As far as the department is concerned, the recommendations made last year by the committee were carried out. I feel that is all that should be expected of the minister or the department.

Dealing with the first sentence, I would point out that it was impossible for me to refer the matter to the committee because a private member cannot refer a matter to a committee without the consent of the minister concerned, and that was lacking. I had written and asked him whether he would refer it to the committee and he refused. To say that I can refer it to the house means that I can bring it up only now when conditions are not favourable for a detailed debate. I would call attention especially to the remarkable sentence in which the minister says that all that can be expected of the minister of a department is to carry out the recommendations made. That, to my mind, illustrates a distinct failure to appreciate the purpose of the investigation, which was to decide whether we should continue the use of fish traps in British Columbia, and we decided in our wisdom that we could not make that decision for lack of further information. The minister now proposes to rest on his oars and say that he has done all that he was asked to do and will not do any more. At page 2297 of Hansard it will be seen that I sent the minister a letter asking him whether he would refer the matter to the committee or stop the traps, and he replied that he would do neither. I think it is very much up to the minister to inform this committee to-day why he refused to comply with the terms of a numerously signed petition presented to the house, or, failing that, if he deemed that the matter was not thoroughly threshed out, why he did not refer it again to the committee. Why did he refuse to have the matter referred to the committee and in that way close it out entirely from further debate? I would ask him for an explanation.

Hon. J. E. MICHAUD (Minister of Fisheries): There are two aspects of this question in which my hon. friend is interested. The first is the question of the petitions which he laid on the table of the house shortly after the opening of parliament, and the second is the report of the special committee which sat during last session. The reason why the department did not take the initiative and refer again to the committee the whole question of the advisability of discontinuing the issuing of licences for fish traps in the Sooke area of British Columbia, and the matter of the petitions, is that since last session no new facts have been brought to my attention, no new evidence which would have justified me in asking for the committee to sit again this year to consider the matter. It is true that we had petitions; but in those petitions there were no new facts disclosed which had not been brought to the attention of the department some years ago and which have not, from year to year since, been submitted to us. The facts which were gathered by the department during the recess, at the request of the committee, were brought to my notice, and I did not think they disclosed anything different from what had been submitted to the committee last year and had been discussed for a considerable time, forming the basis of the committee's report. So that if the hon. member was in possession of some new evidence, I think it was up to him either to bring it to the attention of the house or to ask that the committee be called together—

Mr. NEILL: I did.

Mr. MICHAUD: —and the matter brought before the committee. My hon. friend says he did. If I remember rightly, he asked me in a letter whether the petitions which were submitted by him to the house would be referred to a committee, and I replied that in view of the fact that the petitions disclosed no new facts I did not think it my business to call the committee again to deal with a matter that had been dealt with last year.

As to the data collected by the department during the recess, I never understood that my hon. friend asked me to refer it to the fisheries committee, and this is the first time that I understand he intended to have this

data, passed on to him at his own request, referred to the committee, because, as I said before, in my opinion it did not seem to disclose any new facts upon which the committee would be justified in changing the recommendations they made last year.

Mr. NEILL: The minister says that he did not refer the matter to the committee because there was not new evidence which in his opinion justified its being referred to them. But I humbly submit that there was new evidence, and I have it under my hand. One of the main questions brought up in the committee was as to the number of fish caught, the varieties and so on. The contention on both sides centred repeatedly on that point—exactly what was caught in those traps—and we recommended that information should be obtained as to what was caught. And that information was obtained, because I have it before me, and in my humble opinion it constitutes new evidence if anything could be called new evidence, because it was something that was not before the committee previously. The minister says that no new evidence was disclosed—in his opinion. But the matter has gone beyond the question of his opinion. A committee was appointed to consider the matter, and that committee was entitled to go on and conclude it. The minister says that I did not ask that the matter be referred.

Mr. MICHAUD: I did not make that statement. I said that I did not understand my hon. friend to request that this particular evidence should be referred to the committee.

Mr. NEILL: Not this particular evidence, but all of it. I have here the letter I wrote, and I have what the minister said. He guards himself by a general statement—he is not sure. Well, he knew that the estimates were coming down to-day and that the matter would be brought up. I venture to say that my letter is before him at this moment. Then he makes statements that give a wrong impression of my letter. This is my letter, dated February 28—long enough ago:

Honourable J. E. Michaud,
Minister of Fisheries,
Ottawa, Ont.

Dear Mr. Michaud:

With reference to the question of fish traps at Sooke, you will recall that the report of the committee last year stated that we leave the question of traps at Sooke open for further consideration.

Since then, I presented a petition the other day containing nearly 10,000 names, and I still have petitions coming in asking for their abolition.

Might I inquire what your policy in the matter is? Are you disposed to give them notice—

[Mr. Michaud.]

That is, the trap owners.

—that they will not be allowed any for or beyond this year, or do you propose to refer it again to the fisheries committee of the house?

The minister replied that he was not going to do either one or the other. How I could have put it more plainly I cannot conceive, or how he could have stated more definitely that he was not going to do it. The fact remains that the minister has not allowed the matter to go to the committee. There was new evidence, evidence that was not before us before. Did we have any evidence before—I ask any member of the committee—that whales had been caught in the traps last year or ratfish or porpoises? We had this new information, and the totals of salmon caught, and it should have been submitted to the committee. There the matter ends so far as I am concerned at the moment. I am not going to prolong this debate indefinitely, and the committee would not be interested. But I charge the Department of Fisheries with straight neglect of duty in this matter, and there I leave it, for the issue to go before a higher tribunal, perhaps.

There is another matter in connection with fish traps which is more important and which touches to a certain degree the honour of this house. My information is not simply something I have heard, but what the minister himself says. Speaking in the house on April 26 last, he referred to these petitions about which I spoke, and then he said, as reported at page 2296 of Hansard:

Some petitions containing the same heading were forwarded to my office, I suppose inadvertently. These contained the post office addresses and occupations of the people who signed them and I found that they contained the signatures of more chicken farmers than fishermen.

And I replied:

Certainly.

The reason is that the population of British Columbia was much greater than that of the fishermen, and the people who would sign the petition would naturally be more numerous than the numbers of the fishermen because the petition was signed by the residents of British Columbia. The point I draw to the attention of the committee is this, and I would draw it to the attention of the Minister of Finance (Mr. Dunning), who is leading the government. The hon. Minister of Fisheries admitted the receipt of some of the petitions with the same heading. I have the petition here. It is addressed, "To the Honourable House of Commons in Parliament Assembled." That is, it is addressed to only one body, and that is the body sitting here.

It is the law, is it not, Mr. Chairman, that when letters are inadvertently delivered to the wrong person they shall be immediately handed over to the person to whom they were addressed? There are three members of this house with names very similar: O'Neill, MacNeil and Neill, and in the course of time, perhaps through the carelessness of clerks or because of the letters being wrongly directed, we get each other's mail. But I would be astonished if anyone suggested that we did not, all three of us, immediately turn such letters over to the person for whom they were intended and who owned them. Postal rule 244, I think it is, lays down that a letter once posted is the property of the person to whom it is addressed. The minister says himself that he got a number of these petitions. I do not know how many but I did have a kind of sneaking suspicion that something of that kind had happened because copies of some of the petitions I had sent out seemed to be missing. The matter was brought to his attention evidently, because he investigated and inquired into the occupation of the signatories. This is the point, and I think I shall raise it as a matter of privilege in the house: What did he do with these petitions which were addressed to the House of Commons, which came into his possession, and which he did not deliver to the House of Commons? The situation is very simple, and he is self-condemned. I ask for an explanation. The dignity of the house is concerned. What did he do with these petitions?

I immediately asked in the house for a return to be brought down that would indicate the facts. I asked for the return on May 2, and it was simply a matter of bringing down these papers which were entirely within the bounds of the Department of Fisheries. There was no going around to other departments to collect information. That was on May 2; this is May 23, and the return has not been brought down yet. Therefore I do not know how many petitions there were or how many signatories, and the house does not know what has become of its property, which is its property because the petitions were addressed to the house. I suppose the return will not be brought down until the day after this estimate has gone through. I asked the minister how many petitions he received, how many signatories were on them, and just what he did with the petitions.

Mr. MICHAUD: Mr. Chairman, first regarding the advisability of turning over to the fisheries committee the facts that had been gathered by the Department of Fisheries, I must repeat that I did not consider it worth while to turn over to the committee these facts, which did not disclose anything new beyond what had been brought to the attention of the committee last year. It is true that this statement shows that during the recess there was one whale caught in the fish traps which was later sent to a museum, but I did not think it a matter of such vital importance that it should be drawn to the attention of the fisheries committee. There might have been some facts disclosed in this statement; there may have been facts brought to the attention of the hon. member for Comox-Alberni that would have warranted the sending of this statement and these facts to the committee. But the hon. member had the right and the privilege, if he was not satisfied with my attitude, to call the matter to the attention of the chairman of that committee and to some of the members of it, and to have the committee called together, or he could have brought my attention to the fact that he wanted this information disclosed to the committee. The committee would then have been summoned, and he would have had every chance to bring before the committee facts which he thought of importance. But he did not do that. He simply wrote me a letter. I replied to him, but he did not show me any facts which, in his opinion, were of sufficient importance or vital enough to be brought to the attention of the committee.

As to these petitions which were received by me, and possibly inadvertently forwarded to me by some of the people to whom they had been sent for signature by the hon. member, I recall that there were two or three of these printed sheets of paper, with the heading printed on, on which names had been signed. They were put on my desk some time prior to the time I addressed the house, because I mentioned the matter. I looked at them and they were addressed to the house. They were filed away in the office, and when I had occasion again to refer to that file I saw them and immediately forwarded them to the clerk of the house, to whom they were addressed.

Mr. NEILL: When?

Mr. MICHAUD: Some time after the matter was mentioned in the house.

Mr. NEILL: Have they been received?

Mr. MICHAUD: Yes; an official of the house told me he had received them; he came to my office to tell me. There is nothing mysterious or secret about the matter. These were three of the many sheets that were sent out by the hon. gentleman to be signed by

people in British Columbia. They were sent back to me, and I read them; that was how I knew what was in them. I saw the names and occupations of the persons who had signed them, and after my hon. friend had referred to the matter in the house I returned to the office and called for the file having to do with that matter. I found them on top of the file.

Mr. NEILL: They are still there.

Mr. MICHAUD: Oh, no; I immediately sent them where they should have gone in the first place. There was no reason for keeping them; there were hundreds of them forwarded to the house and laid on the table. I sent these sheets to the clerk of the house, or asked that they be sent to him, because that is what should have been done with them when they were first received. Inadvertently they were kept in the office; but they were sent to the clerk at that time, and they must be on file somewhere, because I was told by an official of the house that they had been received.

Mr. NEILL: The minister spoke a true word when he said they must be somewhere. Dealing first with the question of going to the committee, the minister is perfectly aware that neither I nor any other private member has the right to call a committee together. Further, the minister knows very well that under the rules no special committee deals with anything that has not been referred to it by the house. The procedure is for the minister or someone acting with his consent to rise in his place and ask that the matter be referred. That is the only way in which any committee can deal with a matter. The minister is just as well aware of that as I am. Let that go; I do not think the situation has been improved by piling on these contradictions which are so obviously unfounded.

With regard to these petitions, the minister says they are on file somewhere. They are not on file here, or I should have noticed them. They remained in the minister's office for four months, and I suggest that there was never the slightest intention of sending them where they should have been presented, where they would have had some weight and effect, where they would have added to the number of petitions presented, until the matter was brought up in the house and I challenged the minister about it. Then he goes to his office, finds them on the file, and tells a clerk to send them somewhere. Apparently they have not been sent to the clerk of the house. If they had been sent to him they would have been presented, and if they had been presented they would have appeared in the votes and proceedings. I suggest that this is a very serious matter, having to do with the honour, reputation and privileges of this house. I would ask that this item stand over until that return is brought down, so that we may see just how many petitions there are. The minister has a vague idea that there were two or three, or some number. There may have been thirty sheets on which there were certain signatures. I am so dissatisfied with the statements the minister has already made in connection with this matter that I would be much easier in mind if I saw the petitions. Having asked for the return a month ago—or, to be exact, twenty-one days ago—I think I am entitled to have it before this matter is discussed. I think the house is entitled to have it, in order to learn what has been done. This is a petition addressed to the house, and the best explanation the minister can give is that it is on the files somewhere.

I ask for your ruling, Mr. Chairman, or in the alternative I appeal to the Minister of Finance whether this item should not stand until we get the information indicated in the return for which I asked on May 2, which covers the whole situation; or, perhaps, until we get the petitions presented to the house. Apparently they are in some stage in between heaven and hell; the minister says they are not in the department; and they are not in the house. I suggest to the Minister of Finance that it is a very serious matter, and that the situation can be best dealt with by merely adjourning the debate on this item until a later occasion.

Mr. DUNNING: My hon. friend seems to me to be dramatizing what would appear to be a very simple matter. If petitions do reach a department through being addressed in some unusual manner, it would not surprise me a bit to find a mail clerk putting them on the file in the department. I do not think there is anything to be so wrought up about in that situation. As to transferring these petitions to the proper place, wherever that may be, the minister states he did so as soon as the matter was brought to his attention by the hon. member. That being so, they must now be in possession of the clerk of the house, and therefore should be available to my hon. friend. With respect to the return I understand that the minister has already forwarded to the Secretary of State the material required from his department by the return. The minister stated that to the hon. member, and the minister cannot say more.

Mr. NEILL: He did not tell me that.

Mr. DUNNING: I certainly understood him to say so, but he can speak for himself.

Mr. NEILL: He did not.

Mr. MICHAUD: I am answering now; the hon. member did not give me the chance to say it before.

Mr. NEILL: The Minister of Finance is putting the words in his mouth.

Mr. MICHAUD: The return moved for by the hon. member on May 2 is a voluminous document, as I think the hon. member knows.

Mr. NEILL: I do not know.

Mr. MICHAUD: Well, the hon. member must know; he should know. It has been forwarded through the proper channel from our department to the Secretary of State, and we no longer have any control over it. I remember that last Saturday, in the office, it was brought to my attention that the return was ready, and I gave instructions that it be forwarded immediately. I am informed that it was sent to the Secretary of State, which I understand is the proper procedure to follow. The return will be laid on the table in due course by the Secretary of State, and I have no further control over it.

Mr. NEILL: I have just one last question to ask the Minister of Finance. I wonder what he would do if he accidentally received a letter addressed to me.

Mr. DUNNING: Addressed to my hon. friend personally?

Mr. NEILL: Yes.

Mr. DUNNING: I have no doubt what I would do; I would return it to the post office.

Mr. NEILL: Or to the person to whom it was addressed?

Mr. DUNNING: No, I would not presume to forward it to the person to whom apparently it was addressed. It is the function of the post office, not mine, to find the party.

Mr. NEILL: After the letter is opened?

Mr. DUNNING: Yes; after the letter was opened.

Mr. NEILL: I do not think it would hurt to allow this item to stand. I understand that there is always one item left for further discussion, and if we leave this matter over until we get these petitions, possibly the situation will present itself in a less dangerous light than I have been suggesting. The minister says it is a trivial matter, but I do not think it is. If it turns out to be a matter of only a few names on a sheet of paper, it may be all right, but I want to see those petitions and I shall not be satisfied until they are presented to the house.

Mr. MICHAUD: I hope the hon. gentleman does not intend, or does not want, to convey the impression that the petitions, which were in printed form and intended for the house, were opened by me when they were not addressed to me. They were addressed to me by the senders, and after they were opened in due course they were placed on my desk by the clerks of the department. I found that they were for the attention of the house; that they were in exactly the same form as those presented by the hon. gentleman some time ago, and they should have been forwarded to the house immediately.

Mr. NEILL: Hear, hear.

Mr. MICHAUD: But inadvertently they were placed on the file in the department, and it was only when I had occasion to refer to that file that I found them. I immediately ordered the clerk to send them to the clerk of the house, and I know that was done because an official of the staff of this house came to me and said he had received them. I did not follow the messenger who had taken those three sheets of paper to the clerk, to find out whether or not he would deposit them; but I do know they were taken.

Mr. NEILL: Can the minister indicate the date when this occurred?

Mr. MICHAUD: It was shortly after the hon. member called my attention to the matter by mentioning it in the house. It would be after the first or second of May; I am not quite sure of the exact date. It was on the evening of the day on which the hon. member spoke in the house; I am sure of that. The next morning I referred to the file to find these things and immediately gave instructions that they be forwarded to the clerk of the house, because they were addressed to the clerk of the house. I have now sent a message to get the files, to ascertain whether or not they are on the files.

Mr. NEILL: It is unfortunate that they have not turned up, because if they have not they have fallen by the wayside. Everything addressed to the House of Commons is presented next day.

Mr. MICHAUD: I do not know whether they were presented or not.

Mr. NEILL: No; they were not.

Mr. MICHAUD: In any event they must be on file somewhere in the office; we shall get them.

Mr. NEILL: I accept the minister's promise, and I hope he will implement it.

Mr. MICHAUD: I have given all the information that I have. It was unfortunate that this happened.

Mr. NEILL: To deal more particularly with item No. 78, may I say that there is an increase of $70,000 in the amount to be voted. Ordinarily, being interested in the fisheries, I am glad to see further attention given to them, and under ordinary circumstances I would be glad to see that substantial increase. But my pleasure is to some extent modified when I find the purposes for which the increase is to be devoted. Details of the item are to be found at page 83 of the estimates, and according to those details I find that the great bulk of the $70,000 is to be spent not in the field of practical work, and in the conserving of the fisheries, but in adding to the ever increasing army of permanent, paid officials. The officials have increased from 127 to 139, or by twelve. Of the total of $70,000 it is indicated that the amount for guardians has risen by about $11,000, while paid salaries have increased by about $17,000. Apparently it takes $17,000 for paid officials in the offices to look after expenditures of $11,000 on the ground.

I have always and ever maintained that the proper plan of spending money on fishing is not to spend it in the offices in the Hunter block, or in Vancouver—and particularly in Vancouver—but to spend it on the grounds in preventing poaching; because one can go in at night and in a few hours undo the good the department has done in three or four years. A man may put a net across the mouth of a little river or creek and clean it out. The result is that next year, instead of the fish going up by thousands they go up by scores, and it takes four or five years to regain the run. Therefore I say it does not pay to preserve a fish run for three or four years and then, through lack of a guardian at a particular point, to allow a poacher to come in and destroy what has been done. I say that because people will poach, and it is inevitable that if they are given the opportunity they will clean up the river. So I say as long as the money is spent on fish guardians, more power to them, because they are doing real good. It is not a question of wanting to get jobs for my friends, but rather a question of having the fish protected. The money can be spent, as well as on guardians, on the sea plane patrol, which is doing a very useful work. While it is expensive, I believe it has done good work.

[Mr. Michaud.]

I have received from the hand of Providence—I do not know what other hand put it here—three copies of the petition we have been talking about. There are three signed sheets.

Mr. DUNNING: In view of what the hon. member said regarding the minister, I suggest he might tell us where they came from.

Mr. NEILL: They appear to have floated down upon my desk. They were just placed here a moment ago.

Mr. DUNNING: And they were apparently in the hands of the clerk, where they ought to have been, and the messenger who went for them found them there.

Mr. NEILL: Is that where they were?

Mr. DUNNING: The hon. member should tell us that.

Mr. NEILL: Why were they not presented to the house?

Mr. DUNNING: Dear, dear, dear! At least the minister did tell the truth, and there was no great crime attached to what he did, as the hon. member's language would seem to indicate.

Mr. NEILL: We shall deal with the statements the minister made. He said, "I have this petition; I have looked it over, and I find that they are chicken farmers, and not fishermen." I shall read them. I shall not bother with the names, but I shall give the facts on which the minister must have based his statement that the petition was signed by chicken farmers rather than fishermen. I find that they are listed as poultryman, postmaster, clerk—the next is unintelligible—clerk, poultryman, clerk, egg grader, photographer, carpenter, clerk, clerk, logger, mechanic, logger, farmer, stenographer—

Mr. DUNNING: Everything but fishermen.

Mr. NEILL: Game warden, carpenter, farmer, logger, builder, fisherman, fisherman, fisherman, fisherman, fisherman and logger. There are only two poultrymen.

Mr. DUNNING: How many fishermen?

Mr. NEILL: I have read them all. I have read out every name. There were one or two concerning whom the occupations were not indicated. For instance, I find Ganges; that is not an occupation, it is an address.

Mr. DUNNING: But there are very few fishermen.

Mr. NEILL: More than chicken farmers. We shall come back again to the item we were discussing. Will the minister explain

the substantial increase, one which on general terms I would be gratified to see, but which, in the present instance, in view of the fact that so much of it is devoted to an increase in the salaries of paid officials, does not please me. The money is being spent on the payment of officials rather than for practical work on the ground. What is the need for the increase of twelve officials in Ottawa, for example?

Mr. MICHAUD: The increase at Ottawa is not an increase in the number of officials, although the statement appearing at pages 83 and 84 of the estimates would lead one to believe that there has been an increase by twelve. There was a change made by the civil service commission. The persons involved were temporary employees of the department who have been made permanent. Although they were temporary they occupied permanent positions. Under the provisions of the Civil Service Act I understand that in due course they had to be made permanent. They have been made permanent, and now appear on the list of permanent officials. Last year they were classified as temporary.

Mr. NEILL: But the expenditures increase by $17,000.

Mr. MICHAUD: Yes; I shall come to that. The increase of $70,000 in the branch is due, first, to the annual statutory increase amounting to $2,760. There is the restoration of the five per cent deduction, amounting to $17,827. Then, there are salary increases, in addition to the annual increases, amounting to $7,390.

Mr. NEILL: Salary increases?

Mr. MICHAUD: Yes.

Mr. NEILL: Annual increases?

Mr. MICHAUD: No; these are in addition. They apply to temporary employees who are receiving higher wages. Then, there is an increase of $2,000 for equipment. This involves new radio equipment on the Malaspina.

Mr. NEILL: But that is not under this item?

Mr. MICHAUD: Yes; it comes under this item.

Mr. NEILL: Would we find details of the equipment under the heading of fisheries inspection?

Mr. MICHAUD: Under the vote for fisheries inspection would be included the cost of running the boats used in the service as well as the pay of the employees. A new hull is being provided for the Elkhorn at a cost of $5,000. That is protection service. A new engine is being supplied for the Clupea, a patrol boat on the Pacific coast, at a cost of $5,000. Increases in the administrative and boat services generally amount to $30,023. Those would be for protection and patrol services, and make up the total of $70,000.

Mr. NEILL: The minister has given me particulars of increases in connection with boats. Where would they show under this item? Would they appear under temporaries? I thought there was a special item for these boats.

Mr. MICHAUD: No.

Mr. NEILL: There used to be.

Mr. MICHAUD: Item No. 78 reads:

Fisheries inspection, including fishery officers and guardians, fisheries patrol and fisheries protection services.

Mr. NEILL: Where are the details shown on page 83?

Mr. MICHAUD: They are shown under the details of the items.

Mr. NEILL: These details must be shown on either page 83 or 84. They must be included in some bigger item if they are not shown in detail.

Mr. MICHAUD: On page 83 we have, "fisheries inspection, including fishery officers and guardians, fisheries patrol and fisheries protection services." Then on page 84—

Mr. NEILL: Stenographers, watchmen and master mechanics. I think we had better call it six o'clock so that the minister may look over the book to see on what pages they are.

Mr. DUNNING: I suggest to my hon. friend that he must give the minister an opportunity to make his statement. The minister is not a criminal being cross-examined by a criminal lawyer. Surely he should have an opportunity to make a statement.

Mr. NEILL: I was trying to help him by giving him a little leisure. He does not seem to be able to indicate the place and it must be somewhere.

Mr. DUNNING: If my hon. friend will give him the ordinary courtesy which ought to be accorded to members of the house, he will probably be able to find it with the assistance of his officer.

Mr. NEILL: I was simply trying to be courteous.

Mr. MICHAUD: It does not look like it. The boat does not appear in the book, but the salaries of those working on the boat and the expenses incurred for repairs would appear in the book. You cannot put the boat in the book.

Mr. NEILL: I do not mean the boat itself, I mean the expenses connected with the boat. The minister says they do not appear in the book. They must appear somewhere, and that is why I suggest we call it six o'clock.

Mr. MICHAUD: On page 84 the hon. member will see an item, "total salaries, $629,508." That item would include the salaries of temporary and permanent employees. If the hon. member wants any information as to any branch of the service, I can give it to him. This item refers to employees on the boats and in the offices. The whole item refers to the protection service and includes the salaries of those who are employed on the boats or who have any connection with the protection service.

Mr. NEILL: The minister does me less than justice. Just a few minutes ago I asked him if the expenses connected with these boats were included under temporary assistance, where apparently they are included, but he said no. I then asked if they would appear under the item dealing with total salaries.

Mr. MICHAUD: My hon. friend said he said it and it must be true.

Mr. NEILL: It is in Hansard.

Mr. MICHAUD: I did not understand the hon. member and he probably did not get the answer he expected.

Mr. NEILL: We probably did not understand each other. Will the minister now tell me if these items of $5,000, $6,000 and $7,000 come under the heading, total salaries?

Mr. MICHAUD: No.

Mr. NEILL: Where do they come?

Mr. MICHAUD: We have an item for sundries, $224,815.

Mr. NEILL: The minister has stated there has been no increase in the staff; that the increase in the amount of the vote is due to the circumstances which he has related. I notice on page 83 that provision is made for seventy-four fisheries inspectors this year, whereas last year there were only sixty-nine. Are these fisheries inspectors not permanent employees appointed under the Civil Service Act? They are not temporaries who have been converted into permanents?

[Mr. Neill.]

Mr. MICHAUD: I think that is what happened.

Mr. NEILL: Temporary fisheries inspectors?

Mr. MICHAUD: When a man is appointed by the civil service commission, he is appointed as a temporary for six months or a year. He remains a temporary until he receives a certificate of permanency. I understand that is what happened last year. A number of new appointees were appointed as temporaries for the year and were then transferred to the permanent staff.

Mr. NEILL: I am quite willing to accept that statement as a plausible and reasonable one.

Mr. MICHAUD: It is the fact; I cannot change it.

Mr. NEILL: I am quite willing to accept it as a plausible and reasonable statement. Can the minister give us any assurance that some of this extra $70,000 will be used for that practical work on the Atlantic and the Pacific which is so dear to my heart? Will there be something extra available for guardians and airplane patrols?

Mr. MICHAUD: Yes.

Mr. NEILL: Will the amount be considerably larger?

Mr. MICHAUD: The amount for both coasts is a little over $30,000.

Mr. NEILL: Together?

Mr. MICHAUD: Together. I can give my hon. friend the details of what we expect to expend in each district.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The CHAIRMAN: Item No. 78.

Mr. DUNNING: We understood that we should go ahead with agriculture to-night. This item was pretty well discussed, I should like to pass the one item under fisheries and then, if it is agreeable, proceed to agriculture.

The CHAIRMAN: Item No. 78 stands.

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: No.

Mr. NEILL: I want to say a few words, and then I shall not bother the minister on this item any more. The minister said just

before six o'clock that out of the increased vote he had got a sum of $30,000 which would be applicable to fisheries guardians and such like work on the ground. I wanted to thank him for that, and to congratulate him. That is the way in which I want to see the money spent, because it is the most effective way. It might have been more, but it is a great deal better than if the amount had been $30,000 less. However, I desire to make one other criticism, if he will accept it in the friendly spirit in which it is offered. The item we are now discussing is a very large sum, and it comes under one general head, in which it names half a dozen different items, among them the fisheries patrol. The details on page 83 of the estimates give the names one by one; even although there is only one officer, his salary is set out there. But when it comes to the money spent in British Columbia, and I suppose elsewhere, on vessels, it is a different proposition. In British Columbia the government owns over a hundred vessels in connection with the patrol of the fisheries service. Two of them are big boats, and the maintenance of those two boats alone will come to something like $110,000 a year. The other boats are much smaller. But the maintenance expenses would aggregate about $250,000. A quarter of a million dollars is a pretty large sum, and I do not think it is unreasonable to suggest that we should have a more detailed statement of it. When we turn to page 83 we find that they are not itemized except in a very general and vague way. For instance, part of this $250,000 is taken out of the vote for temporary assistance, part comes out of the vote for total salaries, and a large part comes out of the vote called sundries, which amount to $234,000. I trust that another year the minister may see fit, considering this involves a vote of about $240,000, to have a separate item for this service. It is the people's money we are spending, and is a pretty vague way to wrap up part of it in the vote for temporary assistance, part in the vote for sundries, and part mixed up with another vote for wages. I am not criticizing the minister. Probably this system has been there since time immemorial; but I suggest that it is not a very good one, and that he look into it in the interim and consider whether it would not make the accounts clearer if he had one item for these votes.

Mr. MICHAUD: Of course my hon. friend realizes that the Department of Fisheries is not responsible for the way in which the estimates are presented to the house. We have to follow certain rules set by the treasury board, and we have followed them so far. As he stated, the method we have adopted this year, the previous year, and the year before that is exactly the method that was followed from time immemorial. But as far as the Department of Fisheries is concerned, we prepared all these estimates in the detailed form which has been suggested by the hon. gentleman. I have before me 129 typewritten pages of details regarding this very item. If it is thought advisable next year by those who are responsible for preparing the book of the estimates to publish all these details, or any part of them, the Department of Fisheries will be only too glad to supply the material to enable them to do so.

Mr. BARBER: There is a matter I should like to draw to the attention of the minister, and I think it comes under this item. It is in regard to the transfer of the control of sport fish.

Mr. MICHAUD: Oh, no.

Mr. BARBER: What item would it come under?

Mr. MICHAUD: Under the item of fish culture.

Mr. BARBER: This is not "culture"; it is regulations regarding the agreement entered into with the province of British Columbia relative to licences and so forth.

Mr. MICHAUD: I have no objection to my hon. friend discussing it now, but it comes under item No. 81.

Mr. DUNNING: It had better be discussed then.

Mr. BARBER: Very well.

Mr. TAYLOR (Nanaimo): I understand this item is being allowed to stand.

Mr. MICHAUD: No.

Mr. TAYLOR: (Nanaimo): Well, then, if the hon. member for Comox-Alberni has completed his address to the committee—

Mr. DUNNING: The jury.

Mr. TAYLOR (Nanaimo):—the jury, yes, on this question of fish traps, I think something ought to be said on the other side.

Mr. NEILL: Come on!

Mr. TAYLOR (Nanaimo): I had a long fight last year in the committee, and I am still in a fighting mood. I cannot understand that this petition which was presented to the house was anything but an emotional petition. I find that many of the statements are not in strict accordance with the facts.

Mr. NEILL: Order.

Mr. STEWART: It is not necessary in a petition, anyway.

Mr. TAYLOR (Nanaimo): Some of them are not entirely correct; that must be quite obvious to any discerning reader. I want to draw to the attention of the committee one or two of these statements which, I think, should be modified. If a wrongful petition has been presented to citizens, who have signed it, believing that it contains facts, and if those facts are subsequently disproved, then the whole petition falls by the board. I contend that in large measure that is actually the fact in connection with the petition about these fish traps. I want to read a statement which will give some denial to the statements in the petition. This comes to me from Mr. Charles F. Goodrich, who was one of the principal witnesses for the traps in the committee meetings last year. His letter is dated September 23, 1937. It is not necessary to go over the whole letter; but if hon. members ask for it, I shall be very glad to place it on Hansard. In the meantime, this is, in part, what he says:

It is true that some three years ago there was enacted in the state of Washington what was known as initiative No. 77, which by its terms abolished fish traps in that state.

This was a bill sponsored by the sport fishermen, sporting goods dealers, fishing resort owners, boathouse proprietors and others, and by its original terms was to apply to purse seiners as well as fish traps.

Because it was deemed unlikely that the bill in its original form could be passed, it being obvious that it was intended to do away with all commercial fishing, the bill was changed so as to apply to fish traps only. By this means it was possible of course to secure the active cooperation of the purse seiners on Puget sound and to augment their campaign fund by substantial contributions from the Japanese fishermen on the Fraser river.

Under the laws of the state of Washington no bill enacted by initiative can be repealed by the legislature for a period of two years after its enactment. Last year, therefore—

That would be 1936.

—was the earliest date when an attempt could be made for its repeal. An effort was made last winter to repeal this bill but failed for political reasons. The effort will undoubtedly be repeated with every prospect for its ultimate success. In the debates on the floor of the state legislature, however, no mention was made of whether Canada did or did not license fish traps.

So much for the history of trap net legislation in the state of Washington. It is not true that "the Americans took out all their traps in Puget sound numbering 219." It may be true that at one time there were 219 trap net licences taken out, but the larger part were primarily for protection and there were only about 75 traps actually in operation.

[Mr. J. S. Taylor.]

We can rest assured that if and when the state of Washington is convinced that it cannot catch 50 per cent or better of the sockeye run to the Fraser river without trap nets it will reestablish trap nets without regard to whether four or five traps are licensed in British Columbia or not.

Unless Canada is given positive assurance that traps will not be reintroduced on Puget sound, there can be no good reason to legislate against our own interests by abolishing ours.

Notwithstanding the statement in the petition that "there is no truth in the allegation that traps are the only means by which salmon can be taken in our waters, in that neighbourhood, as it has been demonstrated that it can be fished by seines, gill nets and trollers," the fact remains that the statement is true and can be easily verified. The presence of the traps in this vicinity does not act as a bar to other gear. Purse seine boats have repeatedly had their licences transferred to this area and have attempted to operate, but have in every case failed and have gone to other districts better adapted to this mode of fishing.

Some experiments were made some years ago with gill nets but absolutely without success. Trolling on any extensive scale is unprofitable as compared with other localities on the west coast, and what trolling is done is successful only while the traps are in existence. Sockeye, pinks and chums—

Three of the varieties of salmon—

—do not take the hook, and as these varieties are the principal cannery fish, trollers would be no help in maintaining a cannery even if they were to operate.

A most significant phrase is used in this same paragraph. In making a claim that other gear could be used, the petition states that to this gear the "Americans would have no objection." If, as stated in the petition, the Americans have for the past 20 years or so taken about 70 per cent of the Fraser river sockeye catch—

Mr. NEILL: Will the hon. member allow me a question? Is he reading from Mr. Goodrich's statement, or is he making his own?

Mr. TAYLOR (Nanaimo): I am reading from Mr. Goodrich's statement.

Mr. NEILL: What is the date?

Mr. TAYLOR (Nanaimo): December 23, 1937. I have already given that information to the committee.

If, as stated in the petition, the Americans have for the past 20 years or so taken about 70 per cent of the Fraser river sockeye catch, just where would they acquire the right to "have objections" to any gear Canadians find it desirable to use? Has Canada delegated to Olympia the right to legislate for Canada in this or any other matter, and must Canada confine its fishing operations to gear to which Americans have no objection? After Canada shall have enjoyed 70 per cent of the catch of Canadian spawned fish for 20 years, it will then be ample time to consider destroying any branch of the Canadian fisheries for the benefit

of the fishermen of Puget sound. Certainly, however, the mere fact that for the past two or three years its proportion of the catch has shown some improvement should occasion no qualms of conscience on the part of Canada.

When the member for Comox-Alberni originally made the statement on the floor of the house that traps were the most destructive form of fishing, as they fish day and night, while every practical fisherman knew it to be untrue, the member was given the benefit of the doubt and it was assumed that the statement was made from ignorance or misinformation. At the committee hearings at Ottawa last winter, however, this error was pointed out and since that date the member has had ample time to correct his misstatement. When he now sponsors a repetition of this falsehood, he leaves no alternative than to believe that he does so deliberately and wilfully.

I am sorry, but that is in this statement.

Traps do not fish day and night in British Columbia or elsewhere. The Sooke trap nets are so constructed that they fish only on the flood tide, and they can fish effectively only from four to six hours even in daylight. Phosphorus in the water makes night fishing out of the question and traps are invariably closed during the hours of darkness. As to the statement that nothing escapes the trap or gets through, fish once taken by any type of gear are not expected to get through. However, about 98 per cent of the fish get by as shown by the records.

Records of the catches of springs and cohoes, while not as complete as the records of sockeyes show conclusively that the proportion of the total catch of these varieties taken by the Sooke traps is not far different from that of sockeyes.

Nothing justifies the statement that abolition of traps would lead to any increase in employment, but on the contrary, it is definitely known that it would immediately result in throwing out of employment forty or fifty men now profitably employed at Sooke, owning in most cases their own homes and knowing no other means of livelihood. It would be simply a case of a repetition of the old fable of the dog dropping his bone to grasp at its reflection in the water.

Tourist fishermen now find the local waters an attractive field for sport fishing. During the past season many excellent catches were made. These were principally the spring and cohoe salmon.

Commercial fishing for these varieties by the troll has increased tremendously in the past few years and large catches have been made by Canadian gear on the west coast of Vancouver island and by American gear off Swiftsure banks.

There are no records available showing the landings of cohoes by the Canadian trollers. The state of Washington fisheries department show the landings by American gear, and the figures are published in Biological Reports 35A and 36A.

I have these Biological Reports, in case any members of the committee would care to see them.

Following is a comparison of the catch of cohoes by American gear and the catch of the Sooke traps:

	1935	1936
American gear..	874,380	451,231
Sooke traps..	50,117	36,391

The records as regards spring salmon are a little more complete than cohoes, but still no figures are available showing the catch on the Fraser river.

Following is a comparison of the catch of spring salmon on the west coast by Canadian gear, the catch off Swiftsure bank by American gear and the catch of the Sooke trap nets:

	1935	1936
American gear. ..	232,199 or 56·2%	314,378 or 65·8%
Canadian trollers..	160,200 or 39%	147,461 or 30·8%
Sooke traps.	19,810 or 4·8%	16,297 or 3·4%

To suggest practising conservation entirely at the expense of a type of gear which is only taking a toll of from 3·4 to 4·8 per cent is so manifestly unfair as to require no comment.

I do not propose to read it all. This entire trap net question was thoroughly investigated last winter by the fisheries committee at Ottawa, and the opponents of trap nets were given every opportunity of presenting their case. At the request of the fishermen the expenses of two men of their own choosing were paid by the government to come to Ottawa, and present any facts they desired. It was conceded that the case against the traps was altogether unconvincing, and the best that the sponsors of the investigation could get was a recommended increase in fishing licence fees and certain minor changes in the regulations, all of which have been complied with. After all, this is purely an administrative matter, and one which can be left in the hands of the Minister of Fisheries, whose department has made an exhaustive study of this and all other fisheries matters. The rest of the letter can be seen by any hon. member desirous of studying it closely.

Referring later to the fact stated in the petition, that the associated boards of trade of Vancouver island had voted against fish traps, I have this letter dated February 28, 1938, in reply to my statement, from the same gentleman, Mr. Charles F. Goodrich, of the Sooke Harbour Fishing and Packing Company, Limited, Victoria, British Columbia:

We note that Mr. Neill states that this petition was signed by Mr. W. W. R. Mitchell, president of the associated boards of trade of Vancouver island and 9,594 others, "all citizens of British Columbia."

The reference to Mr. Mitchell's office is entirely gratuitous. He was never authorized by the associated boards of trade to sign in his official capacity. It is true that a resolution against trap nets was railroaded through at a meeting of the associated boards at

Nanaimo at Mr. Neill's instigation last June in violation of the rules previously adopted governing such matters. It is also true that this action was promptly disavowed by unanimous vote of the Victoria chamber of commerce, by far the largest body composing the associated boards. It is also true that at the last meeting of the executive held at Nanaimo on January 26 last all further action with reference to trap nets was postponed until June next.

Then follows other matter, which is at the disposal of any inquiring member of the committee.

This is really a very serious matter, and it should not be hastily judged by hon. members in committee. They should go into the whole matter very seriously, because, as I tried to point out to the committee last year, it involves the life history of the various types of salmon, which in turn involves an understanding of the biological history of these fish, and unless one can see precisely what is going on it is useless to attempt to decide whether or not traps or trap nets should be abolished at this particular point. They were established at Sooke after long and close investigation some twenty-five years or more ago, and they have remained there because of the peculiar strategic condition which obtains at that point. The strait of Juan de Fuca is approximately eighty miles long, and varies in width from ten to eighteen miles, having an average width of, say twelve miles. Hon. members can reduce that strait to the compass of this house, which is ninety-two feet long between doors and sixty-one feet wide between panels beyond the curtains. If you then take four and a half lengths of this house you have the length of the strait, with the width of the house as the width of the strait, roughly speaking. All these trap nets occupy a space within half the length of this house. The shortest of them is no longer by comparison than the length of a man's hand, and the longest of them, 2,000 feet, is no longer than the length of a man's arm. So, if you can visualize in the width of this house the length of a man's arm stretching out from the panels at the wall, you visualize the longest trap in its relationship to the width of Juan de Fuca strait. If you visualize the length of a man's hand sticking out from the panels, you can see what is the obstruction in the strait of the shortest trap net at Sooke. These things are worth noting. All that the hon. member for Comox-Alberni (Mr. Neill) has said is not proof to a discerning individual that these traps should be abolished.

He made quite a joke of the fact that a whale was caught in these traps. Surely; a whale would be caught in any net strong enough to catch him, and if we say that all kinds of fish were caught in the traps that is equally true of all kinds of fishing gear. Very, very rarely when fish are running are they running pure to type. There is always an admixture; there are always camp followers, always fish of other types than those running. But the peculiar feature of the whole thing is that in the eighty mile stretch of the strait there comes a point at which fifty miles from the entrance the salmon leave their general run and turn south in order to pass down into Puget sound. The Juan de Fuca strait runs practically east for fifty miles and then makes a sudden turn to east northeast, and it is at that point of departure that for some reason or another the fish turn down into United States waters. It was for this reason that the traps were permitted to be constructed at Sooke, roughly speaking, in the first instance. What causes the fish to go down there I have not been able to discover; but the chances are that inasmuch as they have, roughly speaking, 150 to 250 miles to travel before they reach the mouth of the Fraser river, it may be conceded that they are not yet ready to enter fresh water, and that immediately they taste the fresh water from the Fraser river, which throws its influence right away down, they turn off into the salt water leading down into Puget sound. Whether or not this is so, the fact remains that this change of direction into United States waters gives the fishermen their chance, and gives the traps their opportunity. These traps in United States waters are not like the traps at Sooke, for they are planted quite definitely in the shallow channels between the various islands.

Now let me read one more quotation, from the Pacific Coast News of Thursday, February 10, 1938, in which there is an article entitled:

Sockeye problems reviewed in booklet.

The article continues:

"Net Profits" is the name of a booklet just off the press, published by the national resources bureau in Vancouver under the auspices—

Note this.

—of the British Columbia fishermen's protective association.

I do not propose to read all this article. It continues:

The discussion on "modes of fishing" is supported by a memorandum from Major J. A. Motherwell, chief supervisor of fisheries, setting forth the times of fishing and close seasons.

The reader may gain a clear understanding of the various types of fishing and arrive at the conclusion that while each fisherman would like to believe that his type of gear is beyond criticism there is room in the industry for all types depending on location subject to limitation only for their abuses.

Then, further on:

Perhaps the most vital matter presented is the firm suggestion that status quo be maintained in the sockeye fishery now that the commission has appointed the advisory committee.

Let it be remembered that the international salmon committee has already appointed an advisory committee of which the hon. member for New Westminster (Mr. Reid) is a member.

The suggestion is made that party politics and other external influences not be permitted to lessen the prestige of either the commission or the advisory committee through forcing any changes whatsoever, now that the facility of these two bodies operating under an international treaty have been set in motion to perform the task which confronts them.

Unquestionably that is a most important statement. We have an international commission and we have appointed an advisory committee to assist it, so there is no reason for attempting to interfere until they have made their findings. I bring these matters to the notice of the committee in what is after all a fairly cursory manner, because I am convinced that unless hon. members definitely apply themselves to a study of this whole matter and refuse to give a decision without ordered and considered judgment, they can have no idea how to deal with this question of fish traps at Sooke.

Mr. NEILL: Mr. Chairman, I think in the thirty-eighth chapter of Job, the second verse you will find these words:

Who is this that darkeneth counsel by words without knowledge?

Mr. TAYLOR (Nanaimo): The hon. member for Comox-Alberni.

Mr. NEILL: That was one occasion when my hon. friend spoke out of the fulness of his heart. I find that my hon. friend according to what has been called in this house the stud book, is a student of comparative religions. I understand that more recently he has become a student of political parties; that he is gradually making a circle and ultimately will come back to where he belongs. I think the minister will now see that I was right when I said, in opening this matter this afternoon, that I would not turn this house into a debating society and try to rehash the whole subject again, because the opportunity did not exist for cross-examination and so on. I said it had been thoroughly threshed out in committee and that a committee was the place to do it, and to that extent, and to that extent only, I regret that my hon. friend has opened up the whole subject.

I observed that, I think for the first time, I was accused of presenting something in the house that was of an emotional character. I studied the petition very carefully, but failed to see, and the hon. member failed to point out, where the emotion presented itself. I noticed that my hon. friend was careful to refer repeatedly to the facts contained in the petition. Yes; they are facts, and, after all, if a thing is a fact it is true. You cannot have such a thing as a false fact. My hon. friend tried to show that the facts were false, but of course there can be no such thing.

It would be impossible and highly undesirable for me to go all over the ground my hon. friend covered; but I want to say that the great bulk of his presentation to-night was an ex parte statement drawn up probably by a lawyer but at least sent to him by the very man whose interests are so vitally at stake, Mr. Goodrich, and Mr. Goodrich has an enormous interest at stake, because he is in possession of an enormous privilege belonging to the people of Canada, out of which he is making a whale of a lot of money. Naturally he will draw up a statement that at least will look plausible as against this petition. But he had his chance before the committee, and there he showed up very differently from the fancy picture he draws in the letter which has been read to the committee to-night. He repeatedly contradicted himself. Frequently he said, "I will not tell that." "Do I have to tell that?" Finally he admitted that he paid an income tax so large that it was very easy to figure the profits of that company. He was asked whether these things were true. Some friend of his on the committee said, "Beware Neill is trying to lead you into a trap," a different kind of trap. They said to him, "You are under oath; is it true that you paid that much in income tax?" He said, "Yes; I think it was rather more." One member of the committee said, "You are sort of sitting pretty, aren't you? You made an investment of so much, and each year you are making more in profits than your total investment." Once you regard that letter as a very ex parte statement, a great deal of the weight of the letter disappears.

My hon. friend went on to make the statement that the traps did not fish at night. They do fish day and night; they fish whenever the tide is most suitable, as any other fisherman does. They can fish twenty-four hours a day, and it is not correct to say they are closed at night, because they are not. If they are closed at all, it is only because of the weekly forty-eight hour requirement of the dominion government.

Then my hon. friend said we would throw a lot of people out of employment. He knows better than that; he is not doing himself justice when he makes that statement. At the very most it would throw forty-one people out of employment, the people who signed the petition as employees of the company, who naturally do not want to lose their jobs. But man after man rose and stated that it would enormously increase the employment of fishermen if these traps were done away with. A member of the committee—I shall not mention his name, because I know he is a modest man—rose and said, "I am getting a little tired of this line of talk. I own a cannery, as you all know. If I could have a trap at my door, the same as these gentlemen have, I would only employ from twelve to fifteen men a year, whereas now I have to employ between 200 and 400. But I am willing to do it because I am giving employment to fishermen. "But," he said, "I do feel like asking this: If this gentleman has to have a trap, why should not the other thirty-eight canneries which do not have traps also have them?"

That is on record in Hansard. Then the hon. member said the arguments advanced against traps were entirely unconvincing. Were they? That is remarkable, is it not? Yet we presented a report—he says so himself—recommending that the licence fees should be raised from $50. They had seven licences. They did not use them all, but they hogged them to prevent anybody else from using them. Those seven licences they obtained at $50 each, making a total of $350. We recommended that the fee be raised from $50 per licence to $500, and they did not make any objection. They were glad to pay that enormous increase. I do not know whether my figures of percentages are correct or not; it is a 1,000 per cent increase, if my figures are correct. Anyway it is certainly a great increase, from a total of $350 to one of $3,500, and they did not make a chirp of objection. They were only too glad to get away with it at that price, when they were getting this enormous privilege from the people of Canada. We were getting $350 out of them, and we were paying an overseer about $700 to look after matters. Now we are getting $3,500.

The hon. member says one of the things misstated in the petition was that the associated boards of trade at Vancouver Island at their annual meeting in June last passed a resolution asking for the abolition of the traps. That is actually and entirely true and can be easily and regularly proved. The hon. member's ignorance on that point is as great as his ignorance on the point as to where the meeting was held. He says it was held at Nanaimo, and it was actually held at Port Alberni. He tells what took place. I was there and he was not; I know what happened, and as God is my witness I shall give the exact facts.

There was a resolution on the agenda of the meeting of the associated boards of trade of Vancouver island, and that resolution dealt with traps. The custom or the rule is to circulate the agenda beforehand, and that resolution was circulated with the rest. But even if it is alleged that it was not on the agenda—and it was; it was certainly on the one we used at the meeting—it was made official at any rate by the credentials committee which adopted it, and passed it unanimously and without protest.

The resolution was brought up in the meeting. There were two delegates at the meeting from the Victoria chamber of commerce; there may have been more, but I know that there were at least two of them. When the resolution was brought up, one of those gentlemen rose and said, "There is a point about this thing I am not quite clear on." He might have said more than that; but I do know that was said, and he indicated that he wanted further knowledge. The chairman said, "Mr. Neill is in the audience; he is familiar with the situation and can give the information you wish." I asked what he wanted to know. Replying to him I spoke only a few moments, and before anything further could be done that same man said "Carried," and the resolution went through unanimously. There were no other protests whatever.

Then the traps interests got busy. They have powerful interests in Victoria, and they got the chamber of commerce to repudiate the action of their delegates. They said that the delegates had no business to do as they had done, because they had been told not to vote on anything of a controversial nature. The matters could not have been very controversial, because the vote was carried unanimously, and there was no objection other than the one I have stated.

Then they got busy. In the interim there was a semi-annual meeting of the executive, and it was said that if they did not repudiate the action of the associated boards of trade —which they were not able to do, because they were only the executive—the Victoria chamber would withdraw from the affiliated boards. In other words, "If I don't get my way I won't play in your back-yard." It is not the first time that the Victoria chamber have adopted that hoggish attitude if they

do not get everything their way. It would not hurt the rest of us on Vancouver island one little bit if they did withdraw. We would get along better without them. They demanded that the decision of the board be upset. The executive was then called together, and they decided that the matter would be brought up again at the next annual meeting, but there was not the least suggestion of repudiating it, or that it was done in the wrong way, at all.

Then he tries to make something of the fact that Mr. Mitchell's name was on it. Yes, Mr. Mitchell's name was on it, and there is no use in trying to suggest something else. Mr. Goodrich suggests there was something phoney about it. I say that Mr. Mitchell's name was on it; I saw him sign it myself. The clerk can get the record, and he will see that he approved it. What is the use of saying he did not sign it. He did sign it, as a matter of fact.

Just another point, the suggestion is made that it was "railroaded" through. This discussion I have told the committee about, and which the hon. member has been speaking about out of the fulness of his ignorance —he says it was "railroaded" through at Nanaimo; he was referring no doubt to what took place at Port Alberni.

Then he talked at great length to show something else. He drew a fancy picture by using the curtains in some mysterious way. What he really was trying to get at is this: He was drawing a picture or trying to as to the width of the strait of Juan de Fuca at that point. Then he made a comparison of the length of the trap, which runs out perhaps a couple of thousand feet, as compared with the strait, and indicated that the fish really did not need to go into the traps unless they were determined to do so, because the 2,000 feet was such a small percentage as compared with the total width. Well, I suppose he does not know better than that, and I shall not attack him on the point. He has never been a sockeye salmon; that is quite evident. I hope he will never be.

Mr. TAYLOR (Nanaimo): Has the hon. member been, by any chance?

Mr. NEILL: Have I been one? If I were a sockeye I would—

The CHAIRMAN: Order.

Mr. TAYLOR (Nanaimo): I do not mind the argumentum ad hominem; you may go ahead with that as far as you like; it will not hurt me. But are we not discussing traps?

Mr. NEILL: Certainly we are. But when false arguments are put forward by an hon. member, I have, I think, a right to dissect them. I was not talking to the hon. member at all. I was speaking about his arguments concerning the percentage of lead compared with the width of the straits. As I say, if he were familiar with the habits of sockeye he would know something about its homing instinct. It spawns, goes to sea and stays there four years. At the end of that period, in spite of hell and high water, it will come back again, and it will go to only one place; it will go back to the place where it was spawned and it will go nowhere else. It will not go ten or twelve miles away to another stream, but it will come right back to where it was spawned. It is a biological urge within it which comes on at the end of four or five years.

These traps are put out at the good headlands, where the fish will come around the headlands. If I were going around the corner of that table and wished to go to the minister's seat, I would not go around by the seat of the hon. member for Nanaimo, would I? I would have all that width, if I wished to use it, but naturally if I were walking to the minister's seat I would do as I would if driving a car. I would hug the right-hand corner, or keep to the right of the road. That is exactly what the fish do. They go to the headland, and when they go to the right they find a piece of wire-netting sticking out. They cannot go up on the shore; so they go along in the opposite direction, poking along, until they come to the trap. That is the end of it. Of course they could back up and go out to sea, but it is not their custom—and you cannot make a salmon do something different from its natural instinct, or different from that which nature intended it to do. That is the explanation of the percentage.

Then, although I did not hear him accurately, I believe he was reading from a reprint of a Pacific coast fishing newspaper, a memorandum or a brochure got out in the early spring dealing with various matters in connection with Fraser river salmon and, incidentally, with other matters as well. He took out of that certain sections of the tract which were in favour of the traps. I read that tract, too—I got it before he did—and I say that "tract" is the right word for it, because it was an example of propagandizing and evangelizing. I discovered that the publication of that pamphlet was financed by three of the large canning companies. The hon. member for Nanaimo (Mr. Taylor) does not know that. I was not told which three they were,

but considering that a large proportion of that pamphlet was in the direction of continuing the fish traps, one might perhaps make an invidious suggestion. Now I just want to say what I had intended to say in the beginning. I had intended to meet the hon. gentleman's argument in just one point, but I was led astray to answer some of his vagaries. I hold in my hand the report of the proceedings of the marine and fisheries committee of March 22, 1937. At that time I was in my poor way summing up my argument against the traps. I had asked for a return in the house of certain correspondence which the minister kindly brought down. That correspondence, therefore, became official, and I quoted some letters contained in the return. One of them was from a gentleman named J. S. Taylor, member of parliament. At that time I took the privilege of quoting that letter, and I shall quote it now. If it does not answer all his argument, well, then I am sorry. He is writing to Mr. William Vowles, general secretary, Sooke and Milnes Landing Branches, Workers and Farmers Protective Association, Sooke, Vancouver island, British Columbia. The vital portion of that letter reads:

> From seventy per cent of the fishing catch becoming American it is now, United States forty-seven per cent and Canada fifty-three per cent, and neither country can complain of this division. You see, therefore, that the anomaly of the trap situation at Sooke must be grappled with from the general public interest. If the Sooke traps are allowed to remain, an excellent excuse can be advanced by the United States fishermen for the reestablishment of American traps.

Mark that.

> The Sooke workers appear to be falling between two stools and I say, in all kindness, that there is no commercial justification for my advancing any arguments to destroy the position taken by the fisheries department.

At that moment the fisheries department had given orders that there were to be no more trap licences issued.

They are—

That is the fisheries department—

> —manifestly doing their plain duty when they protect the larger interests in the community, and it would appear that the economic necessity of forty men at Sooke cannot rate against the economic necessity of 5,000 fishermen definitely affected by the elimination of the trap system.

It would be superfluous if I said anything after that. That is the hon. member's own letter, a copy of which he was kind enough to send to the minister. He stated he could not put the economic necessity of forty men at Sooke against the economic necessity of 5,000 fishermen who would be beneficially affected by the removal of traps. That is all.

[Mr. Neill.]

Mr. TAYLOR (Nanaimo): I just want to explain—

Mr. NEILL: If you can.

Mr. TAYLOR (Nanaimo): I still stand by that letter.

Mr. NEILL: Thank you.

Mr. TAYLOR (Nanaimo): It was written at a time when I believed that the abolition of the traps at Sooke was a fait accompli. When it was pointed out to me that there was more to learn and more to be decided about the matter, I went into the fight with a clear determination to know what I was talking about. I think the facts which were brought out in the fisheries committee last year demonstrate that I did know what I was talking about. Let me tell this committee that a prominent member of that committee, when I pointed out the physical change which took place in the fish on their way to the spawning grounds and described the sharpening of the teeth and the extension of the lower jaw, stated quite definitely, "Who in the world ever heard of a fish having teeth." That remark was expunged from Hansard: but, believe me, I have not forgotten it. Unless hon. members apply themselves with equal determination to find out the facts of the case, they cannot be expected to know the true situation at Sooke.

Mr. MacNEIL: Mr. Chairman, I think the trend of the discussion gives considerable force to the argument raised by the hon. member for Comox-Alberni (Mr. Neill) earlier in the day, that the proper place to thrash out this problem is in the committee on fisheries. I am at a loss to understand the attitude of the minister in denying us an opportunity to continue the investigation initiated last session. I was one of the members who wrote to the minister urging that course earlier in this session, and I resent very much the remark he made this afternoon. The minister stated that it was the privilege of hon. members of the committee who were not satisfied with his attitude to call the matter to the attention of the chairman of the committee for some definite action. I think the minister is aware, as we are, that the chairman of the committee has acted with strict impartiality and unfailing courtesy in connection with this matter, but he could not very well act in the matter unless reference had been made to the committtee by the house with the sanction of the government.

I am at a complete loss to understand why the minister has disregarded the intentions of the committee which sat last year. It is

true the findings of the committee were inconclusive as to whether the traps at Sooke should be abolished, but it was clearly understood that further evidence would be procured through the department and that the members of the committee would be afforded an opportunity to settle this matter in a more satisfactory way. Hon. members have stated on their responsibility as members of this house that these traps were a menace to the fishing industry of British Columbia, and it is hardly good enough to hear the minister say, as he said this afternoon, that the additional evidence and the expression of public opinion in the petition were not sufficiently worth while to justify further investigation.

May I point out that the further evidence required is strictly of a technical nature and that it can be obtained only from the experts in the employ of the department. It was understood that they would continue the investigation and make that information available so that this matter might be settled in some judicial fashion. Evidence has been submitted that two companies are enjoying a privilege or a monopoly at the expense of the workers in the industry, workers who must face daily hazards to get the slender remuneration they receive for their labours. I consider the attitude of the minister in this regard to be rather high-handed. We have the unique spectacle in this issue where he extends special protection to privileged interests, to two companies, to exploit the resources of the Dominion of Canada with enormous profits to themselves and disregard the welfare of the workers dependent upon the industry.

In past years the Department of Fisheries has followed the excellent practice of giving the organized workers in the industry an opportunity to discuss any contemplated changes in the regulations. The workers have been permitted to advance their views as to how the proposed changes might affect their interests. But in this particular instance the minister has broken faith with the workers in order to protect these two companies which enjoy a special privilege which menaces the fishing industry of British Columbia. When I say the industry in British Columbia, I mean the very livelihood of thousands of fishermen. I do not think I am exaggerating when I say that this is a clear illustration of protection for monopoly on the part of a government department with a total disregard of the interests of the workers. It is a menace to the livelihood of the workers.

Two companies established at Sooke, with quite a large capital investment, have been fishing with fixed traps, that is traps which are fixed to shore, a privilege denied the operators of all other types of gear and in violation of well established principles of conservation of the industry. A very definite effort has been made to secure the cooperation of all sections to maintain these principles of conservation as expressed in the regulations of the department, and it is extremely difficult to advocate the support of these principles when we have this glaring illustration of protection of operations which do definitely violate the principles of conservation of the fishing industry. It is a menace to the livelihood of the workers in the industry, because it affords a pretext to interests in the state of Washington to reestablish traps in United States waters where they can successfully intercept the main movement of sockeye salmon into the Fraser river.

As has been mentioned, on one occasion a widespread agitation was under way for the repeal of legislation in the state of Washington and leading to the reestablishment of traps there. If those traps are established in United States waters, this will deal a most disastrous blow to the fishermen who depend for their livelihood upon gill netting in the Fraser river. In my opinion, if this privilege is now extended to the two companies established at Sooke, there is no logical reason why other companies should not be later afforded the same privilege of establishing traps at strategic points in the coastal waters of British Columbia; and if that is done, it will completely wipe out the livelihood of many thousands of fishermen in that province.

For those three main reasons the continued operation of these traps is a distinct threat to the industry. The minister, in the attitude he has taken, I think has broken faith with the members of the committee and with the workers in the industry in order to protect those special interests. There is nothing more at stake at Sooke than the employment of forty men. Those forty men, as experienced fishermen, could easily be absorbed in other branches of the fishing industry. The capital invested at Sooke could easily be diverted to other types of operations such as purse seining in other waters. No distinct hardship would result if the minister decided to discontinue the issuance of licences for the fish traps at Sooke, and I think the minister owes this committee a more adequate explanation than he has yet given as to why he has not seen fit to refer this matter to the committee for thorough inquiry, place at the disposal of the committee the additional technical evidence

which might have been procured, and enable a satisfactory settlement of this issue to be made.

It is not good enough to speak with derision of that petition. I have some knowledge of the circumstances under which signatures were obtained to it. It is true they are not all signatures of fishermen, but to a very large extent they are signatures of people in communities which depend in very large measure upon the prosperity of the fishing industry and realize the menace of the fishing traps. The minister cannot hope to dispose of the question in the way in which he has attempted to do so this afternoon. Public sentiment is aroused through these communities as to this issue, and will ultimately demand a more satisfactory settlement. I urge the minister to take steps to have this matter brought before the standing fisheries committee at some appropriate time and have it investigated thoroughly in the light of the technical evidence that his department is in a position to procure.

Mr. MacLEAN (Prince): Even though some of the members of the committee had requested that it should be convened, I think my hon. friend will appreciate the position in which I, as chairman, would be. We could have called the committee together, but when we met we would have found ourselves without any reference from the house or any special subject to consider. I just wish to point out to my hon. friend that even if we had convened, we had no reference from the house or anything of a special nature to take up.

Mr. TAYLOR (Nanaimo): Will the hon. member for Vancouver North permit a question? On the Swiftsure banks outside the strait of Juan de Fuca, fifty-two United States purse seiners sit and fish. Only twelve Canadian purse seiners were there at the same time. If this is such a valuable water for seiners, why were not more Canadian boats at those banks?

Mr. MacNEIL: I think the answer is fairly simple. Canadian operators have enjoyed the special privilege, with less effort and less expense, to establish six traps at Sooke, and none of the Canadian operators has had the enterprise indicated by the United States operators to construct and operate the type of craft which could successfully fish off the Swiftsure banks.

Mr. MICHAUD: Before we proceed any further on this point, I wish to repudiate the statement made by the hon. member for Vancouver North, that the minister "broke faith" with the committee or did not carry out the directions of the committee. I feel that the recommendations made by the committee last year which appear on the records were carried out to the letter by the minister and by the Department of Fisheries. Second, there was no refusal on my part at any time to refer the matter to the committee. What took place is this, that I think both the hon. member for Comox-Alberni and the hon. member for Vancouver North wrote asking me if I would refer to the committee the petitions that were presented to the house. That is my recollection of it.

Mr. MacNEIL: Will the minister permit an interruption?

Mr. MICHAUD: Yes.

Mr. MacNEIL: My suggestion was that the whole question, a continuation of the inquiry of last year, should be referred to the committee.

Mr. MICHAUD: Yes, and I think I replied to both gentlemen that, in my opinion, nothing new had been brought to my attention or no new evidence or facts placed before the department which would justify me in my capacity as minister to take the initiative of calling together the committee and referring matters which, in my opinion, had been thoroughly investigated last year. If either of these two hon. members or any member of the house had asked me to refer a special matter to the committee, I could not have refused him that privilege because it was not in my power to do so. There was no intention on my part or on the part of the department to prevent anybody from bringing to the attention of parliament through the committee any new matter respecting the question of fish traps in British Columbia. This is not a new matter. There have been fish traps at Sooke for thirty-four years.

Mr. MacNEIL: Too long.

Mr. MICHAUD: All governments prior to this year have received at different times petitions and requests for the removal of those traps, and the best opinions have been taken into consideration. It has not been thought it was in the best interests of the fisheries to do that, and until such a conclusion is warranted I do not think any minister will take the responsibility of changing an order of things which has been going on for thirty-four years. It might be in the interests of some branch of the fisheries on the coast of British Columbia to remove the traps; but as I said, they have never been able yet to convince me, and they have never been able

to convince any of my predecessors for the last thirty-four years, that it was in the best interests of the industry to remove those traps. Any hon. member besides the hon. members for Comox-Alberni and Vancouver North could have had the matter referred to the committee when these petitions were laid on the table of the house; they could have moved, if they had desired to do so, that these petitions be referred to the committee on fisheries for investigation and further inquiry. I would have raised no objection. As I said before, I have no objection whatever, and it is not in my power to raise any. Indeed, it is not too late now. Why do not these hon. members do it? I shall not take the responsibility for calling the committee together again to go over matters which, in my opinion, were thoroughly gone into last year. If any hon. member has any new matter which he thinks ought to be considered, it is for him to ask that the committee be called together. I would be delighted to appear before the committee and listen to any arguments advanced and to carry out any recommendations made, just as we carried out the recommendations that were made last year.

Mr. NEILL: The minister has made one statement which cannot be allowed to go unchallenged. He said that these things have been going on for over thirty-four years. Is that correct?

Mr. MICHAUD: That is my information —that there have been traps there since 1904.

Mr. NEILL: Yes. Well, for some periods during that time—for many periods in fact —I made no objection to the traps being there. But surely the minister knows the reason why the agitation was started. As we are threshing this matter out, very regrettably I shall have to give the history of it. There has always been an agitation by the cannery men for traps, because they are a quick and effective way of catching fish, though disastrous to the fishermen and the fish alike. From 1907 onward this question has cropped up from time to time. There were traps at Sooke and other places; some time around 1924 or 1925 or 1926 the cannery men conceived the idea that they would like to have traps in the northern part of British Columbia, and so they got a commissioner appointed, a gentleman who had been a lawyer for one of the canning companies. He went there and made an elaborate report. He reported that the run of fish was such that it was highly in the interests of Canada to allow traps there because it was the last chance to get hold of any of the fish, for otherwise the Americans would get them in their traps on the American side in Alaska. I got hold of the evidence and, with the support of two Conservative members then in opposition, we tore the report to pieces, for the simple reason that it did not gibe with the evidence. The evidence was all the opposite way. We showed by the evidence that the fish did not run north but came south, and as a result of the representations we made the then minister announced that he would not allow the traps there. The traps remained at Sooke, however. Why? For these reasons: The run of salmon on the way to Fraser river, their homing ground, is through the strait of Juan de Fuca and past the headlands referred to in the neighbourhood of Sooke; then, for some unknown reason, instead of heading straight for the Fraser river, they go on to the United States side. But they do not spawn there. They go around Puget sound, running the gamut of the United States traps every few yards, and those that are left came back to the Fraser river. It was known that the Americans were taking an enormous number. The Americans were taking 79 per cent of the total catch of fish spawned in the Fraser river. Taking the Sooke catch, the United States catch and the Fraser river catch, the Americans were said to get 70 per cent, while we were getting 30 per cent. The reason why the preceding Minister of Fisheries never cancelled the trap licences was simply this: It was argued that as fish were being caught in such enormous numbers on the United States side, we might as well catch what we could before they went over.

But then the situation changed. The Americans had seines, but we did not allow seines in the Fraser river and the argument was that as the Americans had seines and traps we should have seines and traps. We allowed the traps but not the seines. Then, for reasons which I need not go into, because they are not material to this argument, the people of the state of Washington got up one day and by means of the initiative got a bill passed. If it secures a sufficient number of signatories, it becomes law in spite of the legislature. They got up a bill by initiative and it went through at once. They obtained the requisite number of signatures in a few days, or at any rate, in a few weeks. That bill called for the abolition of traps in United States waters, and just about the same time we allowed seines in our waters. In other words, the conditions were reversed altogether; the tables were turned. Here was our opportunity. The Americans had taken out 219 traps—that is their own record—and the

query was, "Is not British Columbia going to play her part and take out the four or five she has"? Of course, the trap interests on the United States side, the capitalist interests, were keen to get their traps put back, but once the law is passed by initiative it cannot be repealed for two years. It was brought up this spring in the legislature of the state, and the strongest argument used by those who wished to restore the United States traps was that Canada had not played the game. The Americans said that they had taken out 219 traps and Canada had not taken out the seven or eight she had. The result was so enormously to our advantage that instead of getting 30 per cent, we caught on our side 86 per cent of the total catch. It was, therefore, so very much to our interest as a nation to have removed the traps that it would have paid us to pension the forty-one men in order to ensure that the United States traps would be kept out. I met a cannery man last winter in Alberni. He said to me, "I was over in Seattle the other day where I met one of the biggest trap owners in Puget sound and he said to me he was glad that we in Canada had not taken out the traps, and they did not want us to remove them, because at the next meeting of the legislature they would use that fact as an argument in support of the restoration of the United States traps." That is why I say the conditions are different. If we do not remove our five or six traps the Americans will restore their traps.

In my letter to the minister I said:

> Might I inquire what your policy in the matter is? Are you disposed to give them notice that they will not be allowed any for or beyond this year, or do you propose to refer it again to the fishery committee of the house?

I cannot see that any language could be plainer, and his answer was that he did not consider it necessary. Now I shall read the last letter, of which there are five copies in existence. The hon. member for North Vancouver has one, the Kyuoquot trollers cooperative association has one, and I have here the one sent to me. It is dated February 7, 1936, and is from the deputy minister:

> Dear Mr. Neill,—
>
> I wish to revert to your letter of June 25 last—

That would be June, 1935.

> —endorsing petition by the Kyuquot trollers cooperative association, urging that licences for salmon trap nets in the portion of the south-west coast of Vancouver island be discontinued.
>
> The question has been receiving careful consideration and, in the light of all the circumstances, it has been decided to continue such licences for 1936. Notification is being given the licensees, however, that thereafter such licences will not be granted. If trap nets are reintroduced in the state of Washington the question of reallowing them in the above area will again be reconsidered.

Trap nets have not been reintroduced in the state of Washington, and therefore it was not necessary to reconsider the question of reallowing them. The hon. member for North Vancouver, with a copy of a letter like that in his possession, is justified in saying that the fishing industry has not been treated fairly in the matter.

Mr. MacNEIL: Will the minister inform the committee of the manner in which the recommendations of the committee have been implemented? I would ask the number of licences issued and the total revenue in the way of licence fees, and also as to what provision has been made to alter the opening in the lead of the traps in order to comply with the suggestion of the committee.

Mr. MICHAUD: My information is that the same number was issued this year as last year and for the last few years, and the licence fee of $500 has been collected on each as recommended by the committee. As soon as the recommendation of the committee was made, an order in council was passed changing the regulations and the licence fee accordingly. Five licences were issued this year at $500 each. As to the recommendation that an opening in the lead be made, my information is that a larger opening than that recommended by the committee has been made.

Mr. MacNEIL: Have steps been taken to ensure that those charged with the enforcement of regulations are entirely free from influence by the company? The astounding revelation was made before the committee last year that the man charged with enforcement of the fisheries regulations in connection with the traps was in the off season in the pay of the company; a very questionable situation. I should also like to know whether the department can give assurance that the regulations as they apply to operators of other types of gear are now applied to the traps. That is, when the traps are fishing for springs, are they allowed to catch sockeye in advance of the season in which other operators are allowed to spread nets for sockeye?

Mr. MICHAUD: Regarding the statement that astounding disclosures were made before the committee last year, I think that is in line with other statements made by my hon. friend. The only astounding statement which I recollect was that apparently one poor guardian during the season when he was not

employed by this department had been employed by one of the companies operating traps. This year we have taken every precaution possible to see that no one who had at any time been employed with the operators of the traps would be employed as guardian.

Mr. NEILL: The hon. member for Nanaimo (Mr. Taylor) was pleased to read a long treatise from Mr. Goodrich. I am going to read a very short statement from him, made under oath on February 22, 1937. The witness C. F. Goodrich was recalled; he had been previously sworn. I will shorten it. He said he was going to read a wire received from his accountants in Victoria in regard to the set-up of his financial affairs. This is the telegram:

In accordance with instructions we have examined records of Sooke Harbour Fishing & Packing Company, Limited—

That is only one of the two concerns.

—from 1918 to 1935 and find dominion income tax paid, $63,053; provincial income tax paid, $48,439 . . . paid-up capital, $24,800; surplus, $76,517. . . .

Later on, one of the committee, the hon. member for Queens-Lunenburg (Mr. Kinley), asked the witness, as reported at page 159 of the proceedings, whether that $25,000 represented all the money put in; "Did you put any more money in than the $25,000 of stock?" And the answer was, "No." Hon. members can get an idea of the income from the amount of income tax paid for that period. I submit it must have been substantially greater each year than the total investment of the company in the business. No wonder they are anxious to hold on.

Mr. MICHAUD: Another question asked by the hon. member for Vancouver North (Mr. MacNeil) was whether the operators of the trap were permitted to catch one species of salmon in advance of the season. Under the rules this is not permitted. If during the cohoe season some sockeye are caught in the traps, they must be liberated.

Mr. NEILL: Liberated; is that what was done with them?

Mr. MICHAUD: I understand it was; yes.

Mr. NEILL: My information is that they were seized by the fisheries department and given to a hospital.

Mr. MICHAUD: If they are taken out of the water dead, of course we cannot liberate them; it is better to give them to hospitals than to throw them back in the water. I mean, if it is possible to liberate them and save them, they are thrown back in the water.

Mr. NEILL: The fact of the matter, then, is that a trap is allowed to catch them during the close season for those classes of fish. That is the point.

Mr. MacNEIL: The minister must be aware that he is not on safe ground in his statement. They are not aware that sockeye salmon are caught in the trap out of season until the brail is lifted, and then it is surely impossible to liberate them; they are dead. That clearly is an admission by the minister that they are violating the regulations in a way that would be severely penalized if carried on by other fishermen. That is one of the main objections to the trap.

Mr. MICHAUD: Surely the hon. member understands that all species of salmon in British Columbia waters do not run at the same time. It may be that during a run of one species, like cohoes or springs, a relatively few of other species may run at the same time. But if they are caught and it is possible to liberate them alive, they are liberated. If they are dead, they are given to hospitals or other charitable institutions.

Mr. MacNEIL: Will the minister place on record such data as have been secured in regard to the catch in the traps last season?

Mr. BROOKS: I am not going to speak about sockeye salmon. Seemingly it is very difficult to close the trap, whether you are fishing or talking sockeye salmon. But I did want to discuss briefly the report on the illegal fishing and canning of lobsters in the maritime provinces. I think that comes under this item. The minister will recall that last year there was appointed a commission to investigate illegal lobster fishing in the maritime provinces, particularly in New Brunswick and Prince Edward Island. For six weeks an investigation was carried on by a supreme court judge, Mr. Justice Le Blanc. He had with him as counsel Mr. Bridges from Moncton. Both of these men are estimable legal gentlemen, but I think the minister will agree that they know very little about lobster fishing. The impression in New Brunswick, and I think also in Prince Edward Island, where this investigation was conducted, is, that the facts which this commission undertook to obtain could very easily have been obtained by some member of the minister's department. The facts which were brought out were known by every man, woman and child in those sections. Everyone knew that there was illegal lobster fishing in New Brunswick on Northumberland strait and also on the shores of Prince Edward Island. This fact-finding commission, which spent six weeks or

more in these two provinces, did not, as far as can be made out, do much but pile up a big bill.

Mr. SPENCE: That is the customary thing.

Mr. BROOKS: The cost of the commission, as given by the minister in answer to a question, was $9,186.68. In the destitute condition in which the fishermen of these provinces find themselves, this money could very well have been used to aid them in buying nets and equipment for their work. I wish to quote from the report. One of the first references to the commission was:

Whether or not there was this year a serious amount of illegal lobster fishing and canning in lobster fishing districts Nos. 7 and 8.

The answer is that in lobster fishing district No. 8 there was not a serious amount of illegal lobster fishing in the year 1936. The report continues:

There was not a serious amount of illegal lobster canning in that district in 1936, if reference is had only to lobsters illegally fished in that district in that year. But one cannot shut his eyes to the fact that lobsters illegally caught in lobster fishing district No. 7, in 1936, were brought and canned in one factory near the Chockpish line in lobster fishing district No. 8 in sufficient amount to fill 456 cases in the open season. In Prince Edward Island enough lobsters illegally fished on the north shore of the island, in lobster fishing district No. 7, were carried by car to a factory at Brae Harbour in lobster fishing district No. 8 to permit the canning of 125 cases also in the open season. That represents 63 tons of lobsters. To the question implied in the first matter of the inquiry relating to illegal canning, any answer in a negative way would be robbed completely of all emphasis by that quantity of poached lobsters.

The answer must be that there was a serious amount of illegal canning of lobsters in lobster fishing district No. 8 in the year 1936.

In lobster fishing district No. 7 there was a serious amount of illegal lobster fishing and canning in the year 1936. It is only fair to state here that it was confined to that section of lobster fishing district No. 7 extending from and including Escuminac to the Chockpish line in New Brunswick, and in the sub-district of West Prince in Prince Edward Island.

The second matter of reference was:

Whether any of the local employees of the Department of Fisheries concerned accepted bribes of any kind to connive at illegal practices.

I need not expatiate on that, Mr. Chairman, because the answer is no. The third matter the commission had referred to it was as follows:

Whether such employees fairly and efficiently discharged their duties, and if there was an unusual amount of illegal lobster fishing this year what were the main causes thereof.

[Mr. Brooks.]

The commissioner goes into the history of illegal lobster fishing in the districts concerned and states that this illegal fishing had been carried on for a good many years in those districts. He further states:

"But the answer must be that they did not efficiently discharge their duties."

The commissioner found a good many excuses and pointed out extenuating circumstances as to why these men might be excused for not carrying out their duties. For one thing the commissioner pointed to the great depression which has existed in the fishing industry in the maritime provinces and said that these men, many of them with large families, were quite poverty stricken, and were more or less justified in using any means possible to obtain a livelihood. He also pointed out that in 1936 lobsters sold for a fair price, which had not been the case in previous years. He also quotes this as a possible reason, though not an excuse, for more illegal lobster fishing in 1936 than in previous years. I should like to quote just one more paragraph in regard to the destitution of the fishermen, particularly those of the area investigated:

It was stated under oath, and I believe it, that from Campbellton on the west side of Prince Edward Island to Alberton on the east, sixty per cent of the fishermen were in destitute circumstances.

I might just interject here that in the face of so much poverty among the fishermen of the maritime provinces it was hard for them and the people in general to understand why the vote of $500,000 last year to aid fishermen was not used for that purpose.

The commissioner goes on to suggest that in order to assist in clearing up the situation in this area some sort of educational program should be instituted; that the people should be shown that by continuing this illegal practice of catching lobsters out of season they are, to use the term of the commissioner, killing the goose that lays the golden egg. Just to show the system that has been in vogue in regard to the appointment of officers to look after lobster protection in these provinces, I should like to quote another statement by the commissioner:

A strong factor that has contributed as much as any other to a disregard of fishery laws, consequently to something like a recognized modus vivendi, under which poaching is robbed of a considerable amount of the opprobrium attached to it, is the manner in which the fishery guardians and other officers not coming under the Civil Service Act obtain

their appointments. Their tenure of office is very insecure, but not because of any failure on their part to discharge their duties.

Many of the guardians alternate from the position of fishery officers to that of poachers and vice versa.

That is, they may be fishery officers one month or at one time, and poachers at another, and the officers are very often recruited from the ranks of the poachers themselves.

It is quite a common occurrence to see that a guardian finds himself presiding over the protection of lobster fishing in a section where he has been very successful in poaching the year before. And if anything is needed to make the situation worse, it is the fact that his appointment as guardian has been obtained by him through the influence of men who are poachers in the very district assigned to him for lobster fishing protection.

In this report there is a good deal more along the same line, but it is not my intention to weary the committee with further quotations. I think the report is in the hands of all hon. members. The commissioner brings out a number of points; he does not recommend them as a fact-finding commission, but I should like to ask the minister just what action is being taken in connection with these suggestions. The commissioner brings out the fact that the fishermen are not altogether to blame; that if it were not for the canning factories in these areas lending money to the fishermen, encouraging them to sell their lobsters during the closed season and assisting them in every way possible, probably the men would not be engaged in this illegal work. I want to impress upon the committee that this is a very important matter for the fishermen in this area. As far as financial returns are concerned, I think lobsters rank very highly in the maritime provinces, and something must be done along the line of education. We know what has happened to the lobster fisheries of the New England states. We are told on good authority that these fisheries are practically depleted, and if something practical is not done to protect the lobster fisheries of the maritimes, I am afraid we may find ourselves in the same position.

Mr. KINLEY: The report from which the hon. gentleman is reading is the report of a commission which investigated conditions in Northumberland strait only?

Mr. BROOKS: And Prince Edward Island.

Mr. KINLEY: It does not refer to southwest Nova Scotia.

Mr. BROOKS: No.

Mr. KINLEY: There is no such condition on the south coast of Nova Scotia.

Mr. BROOKS: No such condition perhaps, so far as illegal lobster fishing is concerned, but I want to say to the hon. member that if he reads his papers—and that is not necessary, because he lives there—he will find that the condition on the south coast as far as poverty and depression are concerned is as bad, if not worse than the condition in New Brunswick or Prince Edward Island.

Mr. KINLEY: No, not as regards illegal fishing.

Mr. BROOKS: Not as to illegal fishing, but as to poverty among the fishermen. I would advise the hon. member to visit the fishing villages, or to read the Halifax Herald, the Halifax Chronicle or any paper published on the coast. If what I am saying is not true, I shall be very much surprised. I do not wish to divert, but I could quote, for the information of the hon. member, the report of Mr. MacDonald of St. Francis Xavier university who is an authority on the matter.

Mr. KINLEY: He is in another part of Nova Scotia.

Mr. BROOKS: He speaks for the province of Nova Scotia generally, and about the intolerable condition in the industry of the province.

But I am getting away from the point. Is the minister taking any steps to see that the officials who are supposed to look after the guarding of the industry are men who are not engaged in poaching? I would suggest the guardians should be placed under the civil service commission. It is not fair to the men themselves, to the industry or to the provinces that the men should be recruited from the ranks of the fishermen. Then, what is done in connection with controlling the sale of lobsters to the factories in the closed season? It is a well known fact that if the factories were not allowed to buy, the fishermen would not sell. I should like to know particularly whether fisheries protection is being taken out of patronage and put under the civil service commission.

Mr. MICHAUD: The hon. member has been very fair in his criticism, with the exception of his opening remarks which, under the circumstances, are excusable. He started out by saying that the expenditures incurred in connection with the lobster investigation were not justified, and that an official of the department could have verified the facts just

as well as a royal commission. That is possible, but we must not lose sight of the circumstances under which the investigation was promoted and carried on.

Prior to the investigation we were told that the supply of live lobsters, on the coasts of New Brunswick and Prince Edward Island more particularly, was gradually disappearing, and that the industry and those who lived by it were about to go out of existence. What we did was to call a conference of the packers and the fishermen, and ask them to discuss the whole matter in an effort to arrive at conclusions as to the causes of the situation. At that meeting some made allegations that the situation was caused through overfishing, illegal fishing and illegal packing. Immediately the fishermen said the allegations were not true, and the packers in turn told the fishermen that they were not doing any illegal packing or canning.

The result was that public opinion was not made aware of the facts, and in our opinion it was impossible to effect any reforms in the district. We believed that if we increased our strength and prosecuted the fishermen for violation of the law, on a large scale, we would be accused of persecuting a class of people who were in great need. We thought that in order effectively to carry out a program of reform we would have to have public opinion in our favour. We thought it was best to show the public what was going on, and that is why we appointed an independent investigator, a judge of the superior court of New Brunswick, to bring out the evidence. It was made known to the public that we would act on that evidence. That is what was done.

I believe that from that point of view the investigation was a success. Newspapers of all shades of opinion in the maritime provinces admitted at the time the investigation was in progress, and at the time they published the evidence in extenso, that no one had any idea of the extent to which illegal lobster fishing and illegal lobster canning were resorted to in that district. Not long after the investigation closed the season opened, and it was remarkable to note the change in the attitude of the public towards the question. We were enabled to change some of the officials who, we thought, were not rendering the service we expected of them; we were enabled to increase our protection; we were enabled to change the boundaries between districts 7 and 8, and enabled to close the canneries which were operating on no-man's-land, or on the dividing line between the two districts. As a result, we have testimonials in the department that in the first season after the investigation the change in the administration was most beneficial to the fishermen of the two districts, and there was a marked evidence of the increase of lobsters in the fishing season which followed. As it happened, there were several months between the two seasons.

We were able to close the packers, the big fellows as they were called, who were taking advantage of the dire circumstances of the fishermen, who were inviting those fishermen to violate the law and offering to buy and can their catch surreptitiously. I think we have performed in that respect a great service for the fishermen. In order to enable them to carry on while they were prevented from fishing illegally, in cooperation with the governments of the provinces in which they lived we extended help, so that they may be prevented from exercising their illegal business during the closed season. Not only were we satisfied with strengthening our force and making the changes which I have just enumerated, but we carried on an educational campaign among them. We organized them into study clubs, and sent among them some educated men who placed the facts before them and showed them where they were, as the hon. member has said, killing the goose that laid the golden egg. Further, we lent them money at very moderate cost to do their own packing legally during the season. We also gave instructions to have a better class of guardian appointed to watch the fishing grounds during the closed seasons.

We have not been able to accomplish that which many people have thought would be desirable, that is, to place these temporary employees under the civil service commission, but we have seen that a thorough investigation was made by the officials of the department before the appointments were put through. We have had reports that quite a change has taken place during the last two seasons and, what is perhaps more worth while, we believe we have behind us a strong public opinion. I can assure the hon. member for Royal (Mr. Brooks) that this investigation was beneficial. I believe the expenditures in connection therewith were warranted and the fishermen will receive greater benefits than they would have received by the distribution of money for temporary relief. An effort has been made to preserve their source of supply and to keep it intact in order that they may carry on the calling which they have carried on for generations back.

Mr. DUNNING: It is the desire of the government to get through an interim supply bill to-night if possible, and I would ask that

this item stand in order that the committee of supply may give attention to the two resolutions necessary in order to enable the interim supply bill to be passed.

Item stands.

INTERIM SUPPLY BILL

Mr. DUNNING moved:

Resolved, that a sum not exceeding $39,057,624.49, being one-sixth of the amount of each of the several items to be voted as set forth in the main estimates for the fiscal year ending March 31, 1939, laid before the House of Commons at the present session of parliament, be granted to His Majesty for the fiscal year ending March 31, 1939.

Mr. DUNNING moved:

Resolved, that a sum not exceeding $17,751,572.68, being one-sixth of the amount of each of the several items to be voted as set forth in the supplementary estimates for the fiscal year ending March 31, 1939, laid before the House of Commons at the present session of parliament, be granted to His Majesty for the fiscal year ending March 31, 1939.

Mr. FINN: When such large amounts as these are going through, I think all hon. members should give way to the Minister of Finance (Mr. Dunning), otherwise all the money will slip out of the pockets of the poor people of Canada.

Mr. STEWART: Mr. Chairman, I can understand quite clearly the desire of the Minister of Finance to have additional supply voted at this time. We have already voted one-sixth of the supply for the present year, and now we are being asked to vote another one-sixth of the main estimates for the same year. In addition, we are being asked to vote one-sixth of the supplementary estimates that have been brought down. In connection with these supplementary estimates the government finds itself in this rather unfortunate position. Bill No. 105, for the relief of unemployment, was not introduced until April 25. A year ago the estimates embodying items for purposes similar to those referred to in Bill No. 105 were introduced on March 12. When Bill No. 105 was before the house hon. members were insistent in their demands for information as to the amounts to be expended, the nature of the undertakings and other particulars. This information was not forthcoming. We were told that we had to wait for the supplementary estimates.

In looking over these supplementary estimates it is to be noted that the total is $106,509,436.10, a large amount. However, upon examination we find that government owned enterprises require $44,413,714, leaving about $61,000,000 for all other purposes. As a rule, the main estimates are smaller than those of last year. When one goes through these supplementary estimates one of the striking features is the large number of items that might very well have been included in the main estimates and which, in the ordinary course of events, would have been there. We find page after page of items covering public buildings which should have been brought down in the main estimates.

Mr. DUNNING: They never have been.

Mr. STEWART: I would say that larger amounts have been brought down in the main estimates than is the case this year. As the minister says, we have always had supplementary estimates for public buildings, harbour improvements and so on; but with the experience of the last few years and the necessity of initiating work for the relief of unemployment as early in the season as possible, I do suggest that the government should have been in a position to include in the main estimates a larger number of these items than they did. I am not complaining that they are there, but the fact appears to be that these items have been included to swell the amount of money made available for the alleviation of unemployment under Bill No. 105. When you deduct the amounts I have mentioned from this large total of the main estimates; when you consider the items that should have been included in the main estimates, the remainder is not so large after all. I hope it will be sufficient for the purposes, but I have my doubts.

As I have said, it is unfortunate that these estimates were not before the house when we were considering Bill No. 105. The items are scattered through this rather bulky volume of supplementary estimates, and we shall desire to discuss them in the light of the provisions of Bill No. 105. We shall want to point out where we believe they are inadequate or where we consider they are not exactly suitable to existing conditions, where they do not go far enough or where perhaps the expenditure is not, as we believe, in the public interest or best calculated to accomplish the purposes outlined in Bill No. 105. I say it is unfortunate that we have not had that opportunity earlier in the session and that this amount of money was not available earlier in the season.

For these reasons, and while reserving all rights to discuss any of these items and to object to any of them, I feel that at this stage we are bound to comply with the request of the minister for this grant of one-sixth of these supplementary estimates; but as I

have said, it must be without any prejudice whatever to the conditions that we have made in connection with Bill No. 105 and without waiver of any rights that we might have exercised if these estimates had been brought down much earlier and we had had ample opportunity to discuss them in the light of the provisions of Bill No. 105.

With these reservations, I have not anything further to say on the minister's motion for one-sixth of the supply in the supplementary estimates, and what I have said with regard to those would apply with equal force to the criticisms which we may desire to make of any other items that are not in any way related to the program outlined in Bill No. 105.

Mr. DUNNING: I only desire to say that all the reservations mentioned by my hon. friend, which are the usual reservations made by the opposition with respect to interim supply, are readily conceded by the government, and I appreciate the cooperation extended in passing interim supply.

Motions agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Sanderson in the chair.

Mr. DUNNING moved:

Resolved that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the financial year ending 31st March, 1939, the sums of $39,057,624.49 and $17,751,572.68 respectively be granted out of the consolidated revenue fund of Canada.

Mr. STEWART: I intended to ask the minister if these supplementary estimates cover all that are likely to be presented to the house this session for the year 1938-39, or may we expect other supplementary estimates? We were given to understand that the estimates in connection with Bill No. 105 were delayed until all the estimates might be brought down at the same time.

Further I should like to say to the minister that it might not be unreasonable, if he could do so at this stage, to outline what other legislation is likely to be brought down this session. We are now well on into the session, and the order paper has not any more legislation standing for consideration. I probably should have mentioned this on the other motion, but I should like to inquire now of the Minister of Finance if he can give an indication of what important legislation is likely to be brought down.

Mr. DUNNING: With respect to the first question, as Minister of Finance I can assure my hon. friend that these are all the estimates I expect to table this session. I know that sometimes one's hopes in that regard are disappointed, but the intention of the government is that these supplementaries represent the last of the session. That, of course, is always to be qualified by the happening of something which cannot be now foreseen.

With respect to my hon. friend's second question, regarding legislation yet to some down, I think that question had better be directed to the attention of the Prime Minister. I shall be glad to do that. Some of the legislation, of course, was indicated the other day by my colleague the Minister of Labour (Mr. Rogers), with respect to housing and with respect to municipal improvements. I hope to have financial resolutions relating to matters of that kind on the order paper within the coming week, but I shall direct my hon. friend's question as to legislation generally to the Prime Minister.

Motion agreed to.

Resolution reported, read the second time, and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 122, for granting to His Majesty certain sums of money for the public service for the financial year ending the 31st March, 1939.

Motion agreed to, bill read the first and second time, considered in committee, reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF AGRICULTURE

Departmental administration—further amount required, $7,350.

Mr. FINN: I understand from the Minister of Finance, who is leading the house to-night, that we were to go back into committee for the purpose of further considering the item that was under discussion in the estimates of the Department of Fisheries. Now I see that we are shifting to agriculture. I cannot quite understand the minister's assurance.

Mr. DUNNING: I am sorry my hon. friend got the wrong impression from what I said. I said that we would be going back into supply, but the Minister of Fisheries has just advised that he has no hope of getting the item through to-night and that progress might be made in agriculture. The Minister of Fisheries does not wish to go on immediately, and the Minister of Agriculture is ready.

Mr. FINN: That explanation is perfectly satisfactory to me, and I sincerely hope that to-morrow the Minister of Fisheries will get through the committee the item we were on, and others.

Mr. STEWART: Looking at the supplementary estimates, one finds that the total amount for agriculture, under the heading of agriculture, appears to be included in items Nos. 475 to 502, making a total of $6,742,059.71. Looking over these items in detail, one is struck by the large number of items that are simply supplementary to the regular administrative items of the department. I find: Departmental administration, further amount required, $7,350; publicity and extension division, further amount required, $5,640; then, passing over the next four items under the heading "special," we come to the heading, "marketing services," and we find a further amount required of $7,000 odd for agricultural economics. Then we find dairy products, further amount required; subsidies for cold storage, further amount required of $178,000; fruit and vegetable products, further amount required of $4,972; live stock and poultry, further amount required of $7,040. The next is production services, and we pass down through these, a considerable number of items, and then come to experimental farms and then science services. The same remark applies to all these. It seems to me that the minister in preparing these estimates should have been able to anticipate these amounts which he now asks for in the supplementary estimates. The only two headings under which apparently there are special items for carrying out the purposes of Bill No. 105 are to be found under the headings "special" and "marketing services." As to the first item, administration, further amount required, I would ask the minister to look at the main estimates and compare the total for 1937-38, which is given as $9,266,476 with a total for 1938-39 of $9,160,532. Shall we find that in the total for 1937-38 there are included all the items that were voted in the special supplementary estimates for the relief of unemployment distress and that sort of thing under the Department of Agriculture? If not, how much in addition to the amount appearing on page one of the main estimates was voted in special estimates last year for that purpose?

Hon. J. G. GARDINER (Minister of Agriculture): Generally speaking, to answer the last question first, the amounts that were in special estimates last year are under the heading "special" in these estimates on page one; that is, such amounts as were voted for paying freight on live stock and paying feed and fodder, and providing resettlement and prairie farm rehabilitation. These amounts were voted in specials a year ago.

Mr. STEWART: But are they included in the total in the main estimates?

Mr. GARDINER: No; they are not included in the total in the regular estimates. I am informed that resettlement was included last year, but the others were not.

Mr. STEWART: What was voted altogether for 1937-38, made up of the amount appearing in the summary of the main estimates for this year, of $9,266,476? What amount was administered through the Department of Agriculture in addition to that? Will the minister give that information so that we shall have the total for that year as compared with the total for this year?

Mr. GARDINER: The amount that was provided last year in special supplementaries included $2,000,000 for rehabilitation and $500,000 for feed and fodder.

Mr. STEWART: For what?

Mr. GARDINER: For feed and fodder and rehabilitation. I do not recall what the amount was for paying freight on live stock back to areas, but it would be less than the $100,000 here. I understand that it was all in the feed and fodder appropriation last year, which would make the amount $100,000 less than the two amounts this year.

In order to answer the other question raised with regard to the comparatively small amounts through quite a number of branches, that is explained by the fact that at the time the regular estimates were being made up the reclassification of the service as a result of the reorganization was being carried on by the civil service commission, and it was impossible for me at that time to get the reclassifications complete. For example, in the first item, No. 475, $7,350, I find there are twenty members of the service involved in that reclassification. Increases are provided for with regard to eight of them as statutory increases, and eight are salary adjustments of small amounts; $180, $120, $120, $240 a year, and so on. Four of them are for salaries not

provided in the main estimates. The others are these small amounts of increases I have indicated. That will be true through practically all the items; it was a reclassification carried out by the civil service commission as a result of the reorganization, which brought changes in salaries here and there, and adding an occasional salary where an additional official was required.

Mr. STEWART: When was that reorganization completed, and what will be the total amount for departmental administration for the current year as compared with the total for last year?

Mr. GARDINER: The amount for administration in the regular estimates for 1938-39 was $112,655. That is an increase of $15,234.75 over the previous year. This amount of $7,350 will be added to that, making $22,584.75.

Mr. STEWART: Is that the increase in the cost of administering this department over last year, or the year before? As I understood the minister, there was an increase last year over the year before?

Mr. GARDINER: A small one.

Mr. STEWART: Yes. Again this year there is another increase, $22,584. The reorganization apparently has not brought about economies.

Mr. GARDINER: The whole expenditure in the department, as I remember the figure for three years ago, was $7,000,000 odd, and this year it is over $9,000,000, or an increase of perhaps 30 per cent. But it is not yet within $2,000,000 of where it was at its peak. The expenditure was cut greatly around 1932, and has been gradually increased since.

Mr. STIRLING: The minister's explanation just now of the increase as shown on the details on page 24 of the supplementaries I understand was with regard to the first line, "salaries, reclassification and increases," but is the increase in temporary assistance also dependent upon the reorganization, which was not then complete, or is this further temporary assistance required?

Mr. GARDINER: It is both. In some places it is a case of additional temporary assistance, and in other places it is a matter of an increase in the amounts given to those already temporarily employed. In this particular item there is only one increase in temporaries; one who is on the staff temporarily has had an increase of $240. There are four not provided for previously in the other estimates. I understand they were just omitted from the previous estimates; they had been on the list.

[Mr. Gardiner.]

Mr. PERLEY: What is the nature of the services they rendered before?

Mr. GARDINER: The first is a stenographer, grade II; the second is departmental librarian, grade I; the third a clerk, grade I; and the fourth a stenographer, grade III.

Mr. BARBER: Are the chief, dairy products, marketing and merchandising service, and the chief, consumer service, new appointments?

Mr. GARDINER: They are not in item No. 275.

Mr. THOMPSON: Why were the increases for departmental administration in the general estimates over last year, $15,234.75, and this amount of $7,350, not included in the former estimates? Or is this new work?

Mr. GARDINER: The explanation is that which I gave a moment ago, that it was impossible to include these at the time the general estimates were made up because the information was not then available. The civil service commission was going over the reclassifications resulting from the reorganization of the department.

Mr. STEWART: Could the minister tell the committee of any additional activities or widening of the scope of the work of the department that has been undertaken as a result of the reorganization?

Mr. GARDINER: The largest increase in activity, as I explained on the main estimates, has to do with the marketing activities. There are, of course, increases in general activities all along the line. There is an increased number of illustration stations and experimental stations, and an increase in the activities in connection with the promotion of live stock.

Mr. STEWART: This increase is in connection with administration, which I take to be largely at the head office here. One would have thought that increased activities through the country might have been carried on very largely under the same organization.

Mr. GARDINER: Of course there is a limit to the amount of work which an administrative staff can do. When you add services you naturally have to add more or less to the administrative staff. If there is more investigation going on, it makes more work for stenographers and clerks.

Mr. STEWART: Under this item we might discuss almost any activity of the department. As I have intimated, there are perhaps some hon. members who may wish to ask questions, who are not prepared to go on to-night. If

the minister would agree that under some of the items which he has kindly consented to allow to stand we might discuss any matter which would properly come under this item of departmental administration, I understand some sort of undertaking was given on one of the main estimates that an item might be left open for that purpose.

Mr. GARDINER: There was an undertaking given on the main estimates that opportunity would be given to discuss all matters having to do with relief and those things particularly relating to the drought area in the west. That will all come under the special estimates. I had not intended to-night to proceed with the special estimates. If it would meet with the approval of the committee, though I do not think we shall reach it to-night, when we reach item No. 502, which is for $76,700 and which concerns buildings all the way across Canada in the different branches of the department, at that time there might be a discussion of anything at all in the department. Perhaps that would be satisfactory.

Item agreed to.

Publicity and extension division—further amount required, $5,640.

Mr. PERLEY: I see two appointments shown at page 24 of the estimates. Are these new appointments?

Mr. GARDINER: Yes; these are both new positions.

Mr. PERLEY: Where do they carry on their publicity work?

Mr. GARDINER: They are what are called publicity editors. Their duties will be carried on in the main building here. Their work is chiefly to prepare printed literature to be distributed.

Mr. STIRLING: In pamphlet form?

Mr. GARDINER: Yes.

Mr. STIRLING: Not articles to the press?

Mr. GARDINER: Well, there will be articles to the press in connection with agriculture generally, but also pamphlets.

Mr. MacINNIS: How has this work been done in the past?

Mr. GARDINER: There has been a certain amount of it done, but it is a growing activity in the department and two additional men are required for it.

Mr. THOMPSON: How is the mailing list for these publications prepared?

Mr. GARDINER: Of course I do not know when the nucleus of the list was established in the department; I assume that was many years ago. The list is made up of officials of agricultural organizations, those connected with agricultural colleges, individuals who belong to agricultural associations or societies that hold exhibitions here and there across the country, and a great many people who apply from time to time to have their names placed on the mailing list in order to obtain different publications of the department. A list has been built up gradually, and from time to time it is revised in order to strike off the names of those who may have died or moved elsewhere, or to insert the names of new officials of different organizations.

Mr. STIRLING: With regard to the articles which appear in the press and which are sent out by the department—I am thinking principally of the weekly press across Canada—does the government pay for the space when it is desired to have such articles appear in the weekly press?

Mr. GARDINER: No; the space in the weekly press is not paid for when anything in the nature of news is sent out. Space is paid for only when advertising is carried on.

Mr. TUSTIN: Are there to be new publications sent out, or are we to continue with just the publications we have now?

Mr. GARDINER: Whenever any new information is available, a new pamphlet is published. It is one means of putting out information gathered from time to time through experimental and other work.

Mr. STEWART: How many of these publicity editors will the department have when these two are added? Are they appointed by the civil service commission?

Mr. GARDINER: There are three at present, and they are all appointed by the civil service commission.

Mr. STEWART: As to the paid advertisements, about which the minister spoke, would these be prepared by these publicity men or by an advertising agency?

Mr. GARDINER: In both ways. There is an advertising agency that prepares some of our advertising, and these men do some of the work as well.

Mr. LOCKHART: The pamphlets that have been prepared in the past have been very useful in a general way. How is the public reached in order to get these publications across to them? Is it done through co-

operation with the provincial government men who operate in the provinces, or how are these publications put into the hands of the people back in the rural areas?

Mr. GARDINER: The question that was asked a few moments ago by the hon. member for Lanark I think pretty well explains that. There is in the department a list that has been established comprising the names of officials of agricultural organizations and others who have applied to be placed on the mailing list, members of parliament, members of legislatures and others, and that official list is used as a means of distributing the literature of the department.

Mr. LOCKHART: Is there a system of cooperation between the provincial representatives and the federal department? I am just wondering how that has worked out, because I have been asked that question in my own district.

Mr. GARDINER: There is some cooperation. Wherever provinces indicate a desire to have certain publications distributed, that is done.

Mr. LOCKHART: Is that in effect in Ontario?

Mr. GARDINER: Yes; in every province.

Mr. THOMPSON: I suppose any man engaged in agriculture or any other citizen who so desires may write to the department asking that his name be placed on the mailing list; or is it confined solely to officers of agricultural organizations? Can individual farmers get on this list if they apply to the department?

Mr. GARDINER: Any individual who has an interest in agricultural matters may apply for and obtain these publications.

Mr. BARBER: I understand that a list of the publications of the department is compiled and sent out. The minister does not mean to suggest that all the publications contained in that list are sent out free to all those on this mailing list? I was under the impression that this list of publications was sent out and those on the mailing list chose what publications they desired to obtain.

Mr. GARDINER: There is a list sent out, of which the greater number are distributed free. Some of the more expensive publications are sold, and the department also follows the practice of sometimes selling them in bulk. A considerable number may be sent out for distribution to a particular organization.

Mr. BARBER: What is the revenue from that?

Mr. GARDINER: I have not the exact amount, but the revenue is very small.

Mr. STEWART: The minister said the department used an advertising agency or agencies in certain cases. What agency or agencies are now used for the purpose of departmental advertising?

Mr. GARDINER: We used Cockfield-Brown of Toronto until about three or four months ago. I think we have been using the Canadian Advertising Agency of Montreal for the last three or four months.

Mr. STEWART: You are only using one?

Mr. GARDINER: Only using one at a time. We used Cockfield-Brown at one time and have been using the Canadian Advertising Agency since. By way of correction I should say that there were some small matters of advertising looked after by a firm in Winnipeg in connection with our cattle movement and things of that kind.

Item agreed to.

Production services—Health of Animals—Administration of Animal Contagious Diseases Act and Meat and Canned Foods Act—further amount required, $39,800.

Mr. EVANS: Has anything been done in regard to the sore mouth disease in lambs. I understand there has been quite a loss in the prairie flocks on account of this disease, and I should like to know if any work is being done towards getting a vaccine, or something of that kind, to control it?

Mr. GARDINER: I understand there is a recommended treatment for the disease. The department has been asked to bring in a serum with living virus in connection with the disease, but so far it has not agreed to do so. The department does not agree with that method of dealing with the disease. There is a recognized treatment for it.

Mr. EVANS: Is there any objection to bringing in the vaccine that is being used in the southern United States?

Mr. GARDINER: I understand there is objection to bringing in vaccine from the south. It is based upon the idea of treatment through the use of the living virus in the vaccine. The health of animals branch of this department have never used that method of treatment in connection with any disease

having to do with animals. They object to it, and they have not brought in vaccines based upon that principle.

Item agreed to.

Compensation for animals slaughtered—further amount required, $110,000.

Mr. STIRLING: Have these animals all been slaughtered since the main estimates have been prepared?

Mr. GARDINER: Every year we have followed the practice of waiting for the supplementaries with the idea that there would be more information at that time as to the number of districts which would be included for investigation during the coming season.

Mr. STIRLING: There was a vote of $200,000 in the main estimates, which showed a reduction of $269,000.

Mr. GARDINER: Those are the districts which had to be reinvestigated or rechecked. The sum of $200,000 was provided in the main estimates to deal with districts which have been gone over at least once. The retesting work is to take place this year. The sum of $110,000 will cover the number of districts we bring in to test for the first time.

Mr. STEWART: I suppose some of those items have been standing for some considerable time, subject to negotiation, correspondence and so on?

Mr. GARDINER: Yes. Speaking from memory I would say that as a matter of general practice the counties made application. They have to go through the form of getting petitions. They are at certain stages at different times, and it is only after they have gone through all stages that we include them in the estimates for expenditures during the year.

Mr. TUSTIN: What counties are to be tested this year in Ontario?

Mr. GARDINER: The new areas which have been established but not yet tested are as follows:

Quebec:
- Frontenac
- Papineau
- Joliette
- Montcalm

Ontario:
- Peterborough
- Lanark
- Island of St. Joseph
- Simcoe
- Victoria
- District of Rainy River

Manitoba:
- City of St. Boniface
- Rural municipality of North Cypress
- Part of the city of Winnipeg

Rural municipalities:
- Whitewater
- Edward
- Charleswood
- Ritchot (west of Red River)
- Oakland
- North Norfolk
- Cameron

Saskatchewan:
- Rural municipality of Macleod
- Estevan (comprising the rural municipalities of Coldfields, Estevan, Cambria, Browning, Benson and Symria.

Mr. TUSTIN: Is Lennox county included this year?

Mr. GARDINER: No; I understand Lennox county is not yet established. They have not yet gone through the full process of establishing themselves as a district.

Mr. STEWART: Has there been any change in the basis of compensation for animals slaughtered under the provisions of this act, and of compensation for pure bred and grade cattle?

Mr. GARDINER: There is provision for $150 for pure bred stock, with a two-thirds valuation, making a full compensation of $100. For grades the amount is set at $60, with a two-thirds maximum compensation of $40.

Mr. STEWART: The maximum might not be paid in all cases?

Mr. GARDINER: No.

Mr. STEWART: Who determines the value of the animal slaughtered? If the owner insists the animal is extremely valuable, and the department thinks it is not so valuable, how is a value arrived at?

Mr. GARDINER: A specially appointed veterinary surgeon really makes the valuation. If there is any dispute, a second one may be called in; but the valuation by the department is final.

Mr. THOMPSON: Is it the intention to have the counties just named thoroughly checked during the coming summer, or in what manner does the department proceed? No doubt these counties have gone through the necessary requirements in connection with restricted areas.

Mr. GARDINER: The work will probably be started in all of these counties just as soon as we can get at it, during the early part of the summer. Some of them will be completed, but possibly not all. The endeavour will be made to get over them, and to complete the first inspection during the coming summer, if possible.

Mr. TUSTIN: When is the second test made?

Mr. GARDINER: The second test is supposed to be made sixty days after the first one. A period of sixty days must elapse, and the test is not made until the expiration of that time. In some instances it might not be completed during the year, but would be carried over into the following year.

Mr. LOCKHART: My experience leads me to believe that objections have been raised in some areas. Could the minister tell me what the objections have been to the establishment of restricted areas. I have in mind one county which has raised considerable protest.

Mr. GARDINER: There are very few objections made to the establishment of these areas, but where it is made it is usually by those who are raising cattle for beef purposes. Very seldom do we have objection from those raising cattle for dairy purposes. The other evening I read into Hansard a statement showing the results in a great many districts. If the hon. member would turn up Hansard, on the date our main estimates were before the committee, he would find a statement indicating that great progress had been made in the matter of eliminating tuberculosis from all those areas.

Mr. LOCKHART: I have read the statement referred to by the minister. There are still some areas where it is proposed to put these regulations into effect, and some objection is made, more particularly to the rates of compensation. Would it be possible to increase the compensation?

Mr. GARDINER: I can quite understand that where an animal valued at from $200 to $300 is slaughtered and the owner receives no more than $150, there would be cause for complaint. However, the department has always taken the position that where an individual allows tuberculosis to develop in his herd he should assume some responsibility. The limit of compensation has been set at $150, and it has been found over many years that this is accepted fairly generally as liberal compensation.

Mr. WARD: It might be of interest to some hon. members from agricultural districts to know the experience I had in connection with tuberculosis. In 1921 I had a herd of pure bred cattle which were tested for tuberculosis, and I lost almost $6,000 worth. The last animal reacted in 1922; my herd is still under the dominion government accredited plan, and I have had no reactors since. Apparently the serums used are perfect. At that time the maximum compensation allowed was $160. I lost several animals ranging in value from $1,000 down to $400, but I was perfectly satisfied with the settlement. As the minister has said, I felt that I should accept some responsibility for the fact that I had a herd with a number of tubercular animals in it, and I have never regretted having cleaned up my herd at that time. My advice to anyone who has not had his herd tested is to do so without delay and come under the dominion government accredited plan.

Item agreed to.

Compensation to owners of animals affected with diseases coming under the operation of the Animal Contagious Diseases Act, which have died or have been slaughtered under circumstances unprovided for under the above act and regulations thereunder, $1,200.91.

Mr. STEWART: This is a small item, and the only comment I have to make is in connection with the last few lines which read:

—which have died or have been slaughtered under circumstances unprovided for under the above act and regulations thereunder.

If they do not come under the act or under the regulations, what claim have these people for compensation?

Mr. GARDINER: Strictly speaking, for the owner to receive compensation under the act, an animal must be slaughtered. There have been instances where animals have died immediately after they have been tested. Such animals are not slaughtered, and this is to provide for compensation in such instances.

Mr. BARBER: Would that take care of compensation for hog cholera?

Mr. GARDINER: No; tuberculosis only.

Mr. STEWART: Is the payment on the same basis as though the animal had been slaughtered?

Mr. GARDINER: Yes; on the same basis.

Mr. STIRLING: With the exception of one in New Brunswick and one in British Columbia, all the amounts are to be paid in Ontario and Quebec. Why is this?

Mr. GARDINER: It is just a matter of chance. For some considerable time the maritime provinces have been an anti-tuberculosis area. It just happens that more work has been carried on in Ontario and Quebec.

Item agreed to.

Progress reported.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

Tuesday, May 24, 1938

The house met at three o'clock.

EXCISE ACT AMENDMENT

MISCELLANEOUS ADMINISTRATIVE CHANGES INVOLVING NO ALTERATION IN RATES

Hon. J. L. ILSLEY (Minister of National Revenue) moved for leave to introduce Bill No. 123, to amend the Excise Act.

He said: The bill simply contains a number of miscellaneous amendments to the Excise Act. They are almost entirely if not entirely administrative and involve no change in the rates of duty. It is very difficult to summarize the bill in any other way.

Motion agreed to and bill read the first time.

COPYRIGHT ACT AMENDMENT

POWER OF MINISTER TO PROTECT PUBLIC AGAINST ABUSES OF EXCLUSIVE RIGHTS

Mr. PAUL MARTIN (Essex East) moved for leave to introduce Bill No. 124, to amend the Copyright Act.

He said: The purpose of the amendment is to give the minister administering the Copyright Act power to protect the public against abuses of the exclusive rights conferred upon copyright owners by the act. It is merely an extension of the powers conferred now upon the minister by the compulsory licence section of the act. The section proposed to be amended is applicable only to Canadian citizens, and consequently the amendment will not in any way affect international conventions. It is intended by the amendment to incorporate in the act remedial provisions analogous to those already in the Patent Act, 1935, to give relief against abuses by patentees.

Motion agreed to and bill read the first time.

Mr. MARTIN: With the unanimous consent of the house I should like to move that this bill be placed on the order paper for second reading at eight o'clock this evening.

Some hon. MEMBERS: No.

Mr. RINFRET: It is not customary to accede to such a request. Moreover I would point out to the hon. gentleman that there are already on the order paper several bills that are very likely to be taken up to-night and it will make no difference if this bill is placed on the order paper to-morrow.

FOREIGN POLICY

QUESTION OF DISCUSSION BY REPRESENTATIVE OF FOREIGN GOVERNMENT OF POLICY OF CANADA

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): According to the press the new Japanese minister has publicly approved of the position taken by the Prime Minister (Mr. Mackenzie King) in a recent debate in this house. That may be personally gratifying to the Prime Minister, but I should like to ask whether, in view of differences of opinion in Canada and in view of the delicate international situation, it is proper that the representative of a foreign government should discuss the policies of Canada.

Right Hon. W. L. MACKENZIE KING (Prime Minister): What is the particular policy to which the hon. gentleman refers?

Mr. WOODSWORTH: The newspaper of yesterday—

An hon. MEMBER: Which one?

Mr. WOODSWORTH: I am quoting, I believe, from the Globe and Mail. This dispatch is from Niagara Falls:

> Baron Tomii, who is accompanied by his wife and eight year old daughter, expressed appreciation of a recent utterance of Prime Minister Mackenzie King with regard to the Sino-Japanese conflict.
>
> "I don't remember the exact words, but they were to the effect that Canadian people should be very careful in making remarks concerning the hostilities now going on in China," said the Baron. "I do realize how difficult it would be for people living thousands of miles away to understand fully the situation that exists in the Far East."
>
> Discussing the mooted boycott of Japanese goods in Canada, the newly appointed minister said it would be ineffective as no boycott could be successful unless all countries embarked upon it simultaneously. He expressed complete confidence in an early Japanese victory and said he did not expect the "full-dress war" would be prolonged very long.
>
> "When the military situation is cleared up, which I am confident will not be very far in the future, political stabilization and economic rehabilitation will follow," he said. "Japan will cooperate with the Chinese regimes recently established in Peking and Nanking. While we sincerely desire that these hostilities will come to an end as speedily as possible, Japan is fully prepared to meet a prolonged war."

And the interview proceeds on more general subjects. My point is that Japan is now at war with a recognized member of the League of Nations, a friendly country, but the new minister comes here—

Some hon. MEMBERS: Order.

Mr. WOODSWORTH: My point is, Mr. Speaker, that his first utterance is to commend one particular point of view that has been set forth in this house. I think it is rather serious, since there are many in the house who do not agree with the view to which the baron made reference.

Mr. SPEAKER: Order. The hon. member must not make a speech.

Mr. WOODSWORTH: I was asked to explain my reference to an interview, which I have tried to do.

Mr. MACKENZIE KING: I asked my hon. friend to state what statement or attitude or policy of the government it was which had been alluded to by the Japanese minister, as the one to which the hon. member took exception. As I gather from what my hon. friend has read, it was the attitude taken by myself as leader of the government with respect to the Sino-Japanese war. I have taken a certain attitude in this house on the responsible discussion of foreign relations which would include the Sino-Japanese conflict, and I have not known any hon. member of the house to take exception to it, and I think possibly the Japanese minister in the circumstances was quite justified in saying that an attitude to which no exception had been taken in this house, an attitude expressed by the Prime Minister of the country, was one he was right in seeking to follow.

Mr. WOODSWORTH: If I may make just one other reference—

Mr. SPEAKER: Order. I think the hon. member has stated his point.

Mr. WOODSWORTH: I am sure the Prime Minister has not answered this point. The statement to which exception was taken is that we in this country should not discuss affairs that are going on in other nations. That view was expressed in connection with the debate on radio broadcasting.

Mr. MACKENZIE KING: May I say at once to my hon. friend that I have never made any statement of the kind. He says that statement was made in the debate on radio broadcasting. No such statement was made in that debate. In the first place, in the discussion that took place during an afternoon I was not in the house, an allegation was made in the first instance that what I had said had reference to debates that had taken place over the radio. I had no thought in my mind of any debate that had taken place over the radio. The question of the debate which had taken place over the radio a few nights before, in which some hon. members of the house had participated, was not in my thoughts, and I do not think it is possible to gather from my remarks that I was in any way referring to anything of that kind.

What I have said in regard to foreign policy is this, that I think it necessary at all times to be guarded in one's utterances. I have said that the government had to take full responsibility for what it said, and at a critical time like this hon. members must expect that the government will be very guarded in its language; also that in discussing the foreign affairs of other countries I believe that the greatest service that can be rendered to Canada and the other countries themselves would be that we should do nothing in our discussions, whether in this parliament or over the radio, which will cause embarrassment.

Mr. WOODSWORTH: Should not that apply to a foreign minister?

Mr. LAPOINTE (Quebec East): It should apply to the hon. member for Winnipeg North Centre.

Right Hon. R. B. BENNETT (Leader of the Opposition): The observations of the Prime Minister (Mr. Mackenzie King) in my judgment necessitate my making at least one statement. I am wholly opposed to any minister of a foreign power coming into this country and stating that that power proposes at an early day to defeat a country which, with this country, is a member of the League of Nations, particularly in view of the fact that a committee of that league has determined that the attack upon that other country was unprovoked and unwarranted. In view of that fact I desire to make it quite clear to the Prime Minister that I do not share his views. I think any statement made by the representative of a foreign power which, unprovoked and without warrant, attacks a friendly power, a member of the League of Nations, in view of its adherence to the Kellogg-Briand pact and the declaration made at Washington, is one with which I cannot associate myself and to which I must immediately say I am opposed.

Mr. MACKENZIE KING: May I say to my right hon. friend that the statement I was replying to was the one that had reference to my statement of policy in this house.

Mr. WOODSWORTH: No, no.

Mr. MACKENZIE KING: Yes, that was the question.

Mr. WOODSWORTH: As a matter of privilege, my objection was to the minister from Japan endorsing publicly a certain statement of the Prime Minister an ex parte

statement—well it does not make any difference what kind of statement. The point is that I am not discussing the Prime Minister's statement; I am discussing the statement of the minister from Japan publicly endorsing one particular Canadian policy.

PENITENTIARIES COMMISSION

INQUIRY AS TO PROBABLE DATE OF PRESENTATION OF REPORT

On the orders of the day:

Mr. A. H. MITCHELL (Medicine Hat): Could the Minister of Justice (Mr. Lapointe) indicate to us when we may expect him to table the report of the penitentiaries commission?

Right Hon. ERNEST LAPOINTE (Minister of Justice): I think it may be possible to lay the report on the table this week, or the beginning of next week. It is a voluminous document, and the work of printing and translating it has taken some time.

UNEMPLOYMENT

CONCENTRATION OF SINGLE UNEMPLOYED MEN IN VANCOUVER—MR. HUMPHREY MITCHELL

On the orders of the day:

Hon. H. H. STEVENS (Kootenay East): I should like to ask a question of the Minister of Labour (Mr. Rogers) regarding a Canadian Press dispatch indicating that Mr. Humphrey Mitchell, "director of labour transference in the federal Labour department," is in Vancouver consulting with the mayor and other authorities. My question is, what are the instructions that Mr. Mitchell has in this matter, and what is the attitude of the government to-day in regard to this very perplexing question, which according to the dispatch has not made any progress towards solution?

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Mitchell, who is an officer of the Department of Labour, left for Vancouver on May 7. While in Vancouver he has been assisting in providing the Department of Labour here with information with respect to developments there. As I stated to the house yesterday, we have been proceeding upon the basis of consultation and cooperation with the provincial government in connection with this question of the single unemployed who are now in Vancouver. Mr. Mitchell has been a means through which that consultation is being effected.

As to the situation in Vancouver, I am informed that it has not changed since the statement I made yesterday.

Mr. STEVENS: Would the minster say what Mr. Mitchell's instructions are? He is described as "director of labour transference in the federal Labour department."

Mr. ROGERS: I have nothing to add to what I have already said on that point. Mr. Mitchell is there to keep in touch with the situation and to keep me advised of any developments.

SUPPLY

FOREIGN POLICY—STATEMENT OF MR. MACKENZIE KING ON MOTION OF MINISTER OF FINANCE

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee of supply.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, as hon. members of the house are aware, I had intended to make a statement on external affairs at about the time of the Easter recess. One circumstance or another has rendered it inconvenient or inadvisable to make that statement until to-day.

In view of the very serious condition of affairs in Europe and the grave unrest that exists in many parts of the world, I am not going to attempt this afternoon to rely upon my memory for what I have to say. Rather I shall follow somewhat closely what I intended to say in a statement which I had prepared several weeks ago. It may be that the statement will be the more significant in the light of events of the last few weeks. I shall endeavour in what I say to be as concise and at the same time as comprehensive as possible. By that I mean I shall endeavour not to omit any of the subjects which I believe hon. members will wish to consider in discussing foreign policy or, better, external affairs. I use the words "external affairs," because our relations with different parts of the British Empire are affairs which lie beyond the dominion; they could hardly be called foreign affairs, but they are external affairs, while our relations with other countries come under the heading of foreign affairs. I shall endeavour, as I say, to anticipate what may be in the minds of hon. members in the way of questions as to the attitude and policy of the government with respect to situations that have arisen in which Canada may be expected to have some interest or to take some part.

It may be desirable at the outset to make some observations of a general character in

view of the concern which events abroad have caused in all our minds. We look out upon a disturbed and seemingly chaotic world. Bitter and destructive wars are being waged in two continents. Force is openly glorified. Solemn pledges are disregarded. Armaments are mounting to fantastic heights. A war of propaganda is filling the air. We ask ourselves, how, within twenty years after a war to end war, is the war spirit so strong in many quarters? Why, after a war to make the world safe for democracy, has dictatorship attained such acceptance and momentum?

It is not possible to give a short answer to such questions. It is clear that no one factor and no single country can be held responsible. The fact is the great war never completely ended; the world is still suffering from its consequences. The effects of four years of world struggle and destruction and convulsion did not end in 1918. The results of a great war are usually entirely different from the intentions and the objectives of any of the peoples who embark upon it.

For a time after the war it appeared that a stable world might shortly be attained. A genuine passion for peace spread through all the countries engaged in the war, the losers as well as the nominal victors. In great part this new will to peace found embodiment in the League of Nations, but it found expression in many other movements as well. No one who visited Europe in the middle twenties could doubt the strength or the genuineness of that desire. But meanwhile other forces had been at work which in time overcame this will to peace in many quarters. Over a great part of Europe, except the democratic states fronting on the Atlantic, political and social revolutions were in progress. Countries which had not been fortunate enough to work out political freedom and economic progress by gradual effort found themselves compelled to face these belated tasks through revolution. The war had broken down the accepted social structure, the habitual conventions and restraints. The new controls were established by violence, by dictatorship of a class, dictatorship of an individual. New men, with new ambitions and new methods, were thrown up in the conflict; masters of violence and propaganda were given free hand. Inevitably the revolutions and class conflicts which have dominated the internal affairs of three countries out of four in central, eastern and southern Europe found reflection in their foreign relations as well. The new religions of race or class or social doctrine were as explosive, as expansive, as intolerant as Islam was a thousand years ago. The world was called upon to subscribe to their new creeds of communism or fascism or other isms.

The peace settlement had left problems and grievances which these explosive forces turned to account. It solved some territorial grievances, some nationalist aspirations, but it created new problems. Some countries or minorities when given freedom denied that freedom to others. Some countries which had lost territory or prestige were stirred up to plan for vindication and revenge. Some of the victors could not forget their fear or their pride. The fact that the earthquake of the war had disturbed the existing balance of world power, had given America and Asia new power relatively to western Europe, further complicated the organization of peace.

I do not believe these forces would have reached the explosion point if economic depression had not swept the world in 1929 and the years that followed. Depression sharpened every problem, shook the individual's security, increased the tension of international intercourse, provided the unemployed and discontented recruits for the new gospels. That depression, at least in its magnitude, was also a delayed consequence of the war, the war that left a crushing burden of debts and reparations, that broke down international credit and currency arrangements, that created new customs boundaries and new vested economic interests.

It may be that if the world had the last ten years to live over again the present breakdown might have been averted. A realistic settlement of war debts and reparations might have been effected. Trade barriers might have been reduced. Some would say the league should have attempted more strenuously to put down force by force, notably in Manchuria in 1931, while others would say the trouble lay in the very attempt to use collective force to maintain the Versailles settlement. Perhaps if any single cause and time might be isolated, it would most reasonably be held to be the failure, during the disarmament discussions in the early thirties, to recognize the futility of maintaining against Germany the one-sided policy of disarmament prescribed by the treaty of Versailles, the failure to make moderate concessions to a democratic regime in Germany, which later were grasped and far exceeded by a dictatorial regime.

It is a dark outlook, but not one that calls for despair. Some measure of internal stability survives even in states that have suffered many shocks. It may be years, however, before freedom and tolerance revive.

The equilibrium of military force, which might have been secured at a moderate height five years ago, will be secured at a much higher level. Where resort to arms appears to be inevitable, every effort should and, I believe, will be made to circumscribe the area of conflict. The reversion to pre-war or pre-modern age standards of internal and external conduct has not materially affected the western or north Atlantic world. No country in which democracy was firmly established has given up its ideal and its practice of liberty at home, its ideal and its practice of peace abroad, even if that peace has had to be assured by new outlays for defence.

The question is asked, What is Canada's foreign or external policy in such a world? In some quarters it is contended that Canada has no foreign policy, a contention which on analysis usually turns out to mean that the Canadian government does not make weekly announcements about other countries' foreign policies. Too often it is assumed that foreign policy is something that must be made in Geneva, or in London, or in Moscow, according to the centre of the speaker's interests, and that Canada should line up in support of or opposition to other countries' foreign policies.

May I refer to some observations on this subject which I made at a conference in England some years ago. I intend to embody in what I have to say quotations from speeches made at imperial conferences in Great Britain and at Geneva, and some references to statements of policy made in this house at different times in the past. I do that lest it be assumed that what I am setting forth at this time is set forth in the light of conditions as we see them and know them to be to-day. I prefer rather that what has been set forth in the past as a statement of our position should be made clear at this time, particularly as I have had reason to say with pride and satisfaction that our foreign policy has remained to the present what it has been in the past.

This statement was made at the imperial conference of 1923:

> Foreign policy I conceive as simply the sum of those dealings or relationships or policies which the government of one country carries on with other countries. It is in large part an extension of domestic policy. It depends upon the balance of social and political forces, upon the industrial organization, upon the whole background of the people's life. . . . Foreign affairs nowadays have to do largely with economic questions, trade or tariff, oil or railway concessions, international debts, migration, fishery or power or navigation rights in boundary waters. They are largely neighbours' disputes, arising naturally most frequently with the countries with which there is most intercourse. The question whether a certain matter in dispute will lead to friction, or even to war, is frequently not so much a question of the character of the specific issue, as of the spirit and traditions and supposed general interests of the countries concerned.

No two countries have the same neighbours, the same relationships; no two countries can have the same questions to deal with, the same policies for their solution. Argentina and Finland, China and Switzerland, have widely different preoccupations. There are of course world movements, trade, cultural, military, which affect every country, affect all countries increasingly, but they affect no two countries alike or in the same degree. And so even in times of world disturbance, the policies of no two countries can be alike, provided they are rooted in their own interests or the ideals in which their interests are sublimated, and are not merely echoes of the policies of other countries.

So far as Canada is concerned, the question of foreign or external policy is at once extremely simple and extremely complex. Our direct and individual relations with other countries are important; they involve difficulties and differences of opinion; but the issues are issues within our knowledge and competence, issues for which we can find our own solution. Our indirect relations, as a member of the League of Nations, as a member of the British Commonwealth of Nations, present issues of a more varied and complicated character.

Our direct relations with other countries are increasingly important. In large measure they are relations with one or other members of the British Commonwealth of Nations. Questions which arise with these communities are frequently difficult, frequently involve, particularly in trade matters, conflicts of opinion between different sections or interests in our own country; but the frank and friendly attitude which exists, the understanding based on similar political and social and ethical standards and ways of life, ensure a settlement.

In large measure also our external relations consist of our relations with our great neighbour. These relations are so intimate and continuous that some people in Canada seem to imagine they are not foreign relations at all, that they do not constitute foreign policy at all; they unconsciously assume that foreign policy should mean to us the relations and issues involved in some other country's foreign policy, or that our foreign policy should mean only relations with distant countries with which we have little contact and connection.

These relations with the United States, which constitute and always will constitute by far the most important part of our foreign policy in the strict sense, have not always been easy to carry on. Real differences of interest arise from time to time; these differences are expressed with an openness and frankness that leave nothing concealed; constitutional divisions of authority complicate agreement. Within our memory a good deal of friction has existed, exclusive trade policies and pin-pricking attitudes have roused resentment. But that attitude has largely disappeared. On both sides of the border there is a realization of common ideals and common interests, a genuine friendliness and increasing understanding, which facilitate agreement on most issues that arise and make it no serious calamity if for the moment agreement is not reached on others.

Incidentally, I may say from my experience, and I am sure the right hon. the leader of the opposition would say the same from his experience, the existence of a Canadian legation at Washington and a United States legation at Ottawa have greatly aided in the growth of this understanding and the prompt and effective consideration of questions that arose. It is one of our national assets—and we need all our assets to offset some of our liabilities—that we have a good neighbour—a neighbour that any free country in the continent of Europe or elsewhere would thank its stars to have.

I need not refer to our increasingly close relations with other lands in Europe, particularly France, and in Latin America and Asia. They are largely, but not wholly, relations of trade. Here I might point out that the increasing intervention of the state in business in many countries abroad, the growth of exchange controls, of quota regulations, of state monopolies, make it increasingly difficult for the business man to do business in the old way, require the intervention of his government with the government of the other country to ensure a reasonably fair and definite opportunity to carry on business.

The Secretary of State of the United States, in the significant address which he delivered a few weeks ago on the foreign policy of the United States, declared:

> The primary objectives of our foreign policy are the maintenance of the peace of our country, and the promotion of the economic, the social and the moral welfare of our people.

Within our more limited range of activity, we could, I think, say much the same thing. Our foreign and external policy is a policy of peace and friendliness, a policy of trying to look after our own interests and to understand the position of other governments with which we have dealings. It is a policy which takes account of our political connections and traditions, our geographical position, the limited numbers and the racial composition of our people, our stage in economic development, our own internal preoccupations and necessities—in short, a policy based on the Canadian situation. It is not and cannot be under these conditions a spectacular head-line policy; it is simply the sum of the countless daily dealings with other countries, the general resultant of an effort to act decently on every issue or incident that arises, and a hope of receiving the same treatment from others.

Canada, it is hardly necessary to say, cherishes no design of aggression or expansion or revenge. We have no ancient grudges, no envy for others' possessions, no ambition for controlling others' destinies. We know and the world knows that we have neither the power nor the will to attack any other land for our own ends.

Nor are we inclined to organize or join in crusades in other continents. We are a part of the modern world. We cannot help but be affected in some measure by the policies and actions of other countries. We cannot be indifferent to the fate of democratic institutions, the suffering of unfortunate minorities elsewhere. But we must keep a sense of perspective. Resolutions or speeches on affairs in Austria or Spain or Santo Domingo may afford an emotional outlet, but they do not give our country any power to shape the destiny of other peoples. We have a tremendous task at home. Our eleven million people are trying to develop half a continent, to find a decent livelihood, to build up a distinctive national life. We have neither the power nor the knowledge to settle the destinies of countries thousands of miles away. We are no more likely of our own motion to intervene in Europe than Sweden or Bulgaria or Switzerland is to intervene in America. It is sometimes forgotten that in Canada itself we have an area as large as Europe, with problems of communication, of development, of adjustment of sectional and cultural groups quite as difficult to deal with as many of the problems of adjustment which the different parts of Europe are facing, and which constitute a great part of European "foreign affairs," that we are not asking and will not receive any help from outside in meeting these difficulties, and that we are unlikely to have any surplus of statesmanship or good fortune to bestow elsewhere.

If we are unlikely of our own motion to take part in wars of conquest or wars of crusade, it is equally unlikely that at the moment, with the world as it is to-day, any other country will single out Canada for attack. The talk which one sometimes hears of aggressor countries planning to invade Canada and seize these tempting resources of ours is, to say the least, premature. It ignores our neighbours and our lack of neighbours; it ignores the strategic and transportation difficulties of transoceanic invasion; it ignores the vital fact that every aggressor has not only potential objects of its ambition many thousands of miles nearer which would be the object of any attack, but potential and actual rivals near at hand whom it could not disregard by launching fantastic expeditions across half the world. The truth of this is recognized in every country. At present danger of attack upon Canada is minor in degree and secondhand in origin. It is against chance shots that we need immediately to defend ourselves. What may develop no one can say.

Thus while it is well we should see our country and its security as viewed from other lands we should also have a clear vision of how dangers that threaten in other parts of the world may expand under circumstances which lie beyond any control of our own, and be prepared to meet any situation which may arise in a world of the character that our world is to-day.

If we are not likely to be directly involved in a conflict, are we likely to be drawn into European conflicts indirectly, for example, through our connection with the league? That is an important question which I think many Canadians are asking at the moment. I have pointed out that so far as we ourselves are concerned, being a country by ourselves, if we were confined to looking after ourselves we have little to fear. But we have other associations and out of those associations arise obligations. The question naturally arises as to what, in determining our attitude, the significance of those associations may be.

We are a member of the League of Nations which was founded for the purpose of advancing international cooperation and world peace. From the beginning, wide differences of opinion have existed as to the means by which those ends were to be sought and achieved. Successive Canadian governments have supported one of those views. In this house in June, 1936, and at the assembly of the league in September of that year, I restated that view. Developments since that time have only served to confirm the soundness of the position then taken.

Briefly, the Canadian government believes that the only feasible and constructive basis of league activity under present conditions is to develop all its possibilities of conciliation, all its possibilities of cooperation in agreed tasks, all its possibilities of shaping and focusing world opinion. As indicated in a statement made on behalf of the present government in October, 1935, we are convinced of the value and necessity of the league "as an indispensable agency for organizing and strengthening the forces of good will in the world, and for effecting the essential adjustment of conflicting national aims." As Lord Curzon declared at the first session of the council of the league, which has just held its hundredth session:

> The League of Nations is the expression of a universal desire for a saner method of regulating the affairs of mankind.

That desire, that need, continues. In some way we must adjust our international relations to the economic forces, the scientific inventions which have made all nations neighbours, adjust our theories and practices of national sovereignty to the requirements of world cooperation. It is not a task which can be performed in a day. It is not an end which can be attained by shutting our eyes to facts, by assuming that nations are ready to-day to resign their sovereign right of decision to a world superstate. We must build on what exists, must extend the habit of cooperation in steadily wider fields, must seek to remove the causes of friction and fear.

Equally definite is our belief that at the present juncture of world affairs it is not possible to make the league an international war office, an instrument of force, military or economic. As I said at Geneva in 1936:

> There is a general unwillingness of peoples to incur obligations which they realize they may not be able in time of crisis to fulfil, obligations to use force and to use it at any place, any time, in circumstances unforeseen, and in disputes over whose origin or whose development they have had little or no control. This difficulty of automatic intervention increases rather than decreases when conflicts tend to become struggles between classes, between economic systems, between social philosophies, and, in some instances, between religious faiths, as well as between states.

In recent years the peoples have become more aware of the difficulty of localizing and restricting a war once it has begun. They have come to realize that the consequences of wars are different from either their real or their alleged objects, that war is war regardless of the labels and the slogans devised at the outset. They have become more aware of the horrors and suffering involved for any people at war from indiscriminate air

and gas attack. They have become aware of the strain on national unity and social order a long struggle may involve. They have become aware of the uncertainty, the very grave uncertainty, whether in any country engaged in a long war individual liberties can be maintained. They realize more clearly the difficulty of putting on economic sanctions unless the countries doing so possess overwhelming force and are firmly bound to apply military sanctions if the occasion arises, and prepared to exchange firm and explicit territorial and military guarantees among each other in advance.

In Mr. Eden's words in the British House of Commons last December:

> There are two possible forms of sanctions, the ineffective, which are not worth putting on, and the effective, which mean the risk, if not the certainty, of war.

After stating:

> I say deliberately that nobody could contemplate any action of that kind in the far east unless they are convinced that they have overwhelming force to back their policy.

Mr. Eden continues:

> Do right hon. gentlemen opposite really think that the League of Nations to-day, with only two great naval powers in it, ourselves and France, have got that overwhelming force?

In other words, Mr. Eden recognized that a league which fell far short of the universality contemplated by its founders, could not hope to carry out the role of universal policeman.

In the statement at Geneva from which I have quoted, I made it as clear as possible that Canada could not accept the theory of automatic commitment to the application of force, economic or military.

The covenant as originally drafted provided alternatively for peace by conciliation and peace by collective coercion.

In its original conception the covenant was predicated upon the practically universal acceptance of its provisions. Without this assumption, the latter alternative of seeking peace by collective coercion, embodied in articles 10, 16 and 17, would not have found place. It was recognized that formal amendment of the covenant by the removal of those articles was not possible in view of the difficulty in securing action by the requisite two-thirds of the members even on amendments on which there is general agreement in principle. Nor was it necessary:

> The powers and duties of the league—

I quote now from what I said at Geneva.

> —develop by usage and experience as well as by explicit amendment. What its members will and will not do can be read more clearly from what they have done and not done than from the text of the covenant. What is now called for is to register in the light of actual facts the position which has developed during sixteen years of league history by the interpretations given and the action taken or not taken as occasion for decision arose.
>
> It is a fact, as has been indicated by representatives of the Scandinavian countries and other members of the league, that many provisions of the covenant have not been observed, or have been applied unequally or ineffectively. The pledge of reduction of armaments in article 8 has not been honoured. The provisions for the revision of treaties "which have become inapplicable," contained in article 19, and which were in form and fact an essential complement to the provisions of article 10 for the maintenance of the territorial status quo, have not yet been applied. The sanctions provisions of article 16 were tacitly recognized at an early stage as unworkable in their entirety, and were modified by the assembly resolutions of 1921. Modified, or unmodified, sanctions against an aggressor have never been tried when the conflict took place in Asia or America. Applied once in an Afro-European conflict, they failed and were abandoned because of general unwillingness under the conditions of the day to press force to the point of war.
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> It has been alleged by some strong advocates of the collective coercion theory in Canada that Canada is responsible for wrecking this conception of the league. That view is part and parcel of the exaggerated idea of Canada's power and duty and the unwillingness to face the realities as to the attitudes of other states that underlies the advocacy of the 100 per cent sanctions doctrine. The influence of any small state at Geneva is definitely limited, except occasionally when it acts in the direction of one or another of the great powers' wishes. Every member of the league, whether from Europe, or from South America, or from Asia, has its own approach to the problems of the league, its own views of its interest or the league's interest. The Canadian government did not cause those countries to take the action or lack of action they have taken. It did in some measure realize what that course of action was likely to be. It was apparent years ago that in the opinion of many of the countries most influential in the league, the covenant was intended to be a one-way street, operating toward Europe, not from Europe. Chaco and Manchuria only confirmed that analysis. Ten years ago, the Canadian government, in a communication to the government of the United States on the relation between the covenant and the Kellogg pact, declared:
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> It is plain that the full realization of the ideal of joint economic or military pressure upon an outlaw power, upon which some of the founders of the league set great store, will require either an approach to the universality of the league contemplated when the covenant was being drawn, or an adjustment of the old rules of neutrality to meet the new conditions of cooperative defence.

Not all the forecasts we and others made in 1928 have required as little alteration as that one.

As relatively little attention has been given the matter in Canada—itself a significant fact—it may be worth while to refer to the latest occasion on which the varying views of members of the league on this question of sanctions were set forth.

The whole question was reviewed in the January meeting of the council, this year, and in the proceedings of the committee of twenty-eight in January and February. This committee, it will be recalled, was appointed by the 1936 assembly to explore the whole question of the application or reform of the covenant. Every phase of that question—the problem of universality, cooperation with non-member states, regional or continental organization of the league, methods of amending or interpreting the covenant, article 10 (territorial integrity), 11, 12, 13, 14 (intervention in disputes), 16 and 17 (sanctions), and separation of the covenant from the peace treaties, were studied by special rapporteurs.

The first question, the possibility of securing the participation of all states in the league, was surveyed in a report by Lord Cranborne, who envisaged three types of league, (1) a coercive league, (2) a non-coercive league, and (3) an intermediate league, in which any members would retain the right to apply sanctions in cases where they considered it advisable. This report on universality was the only one which was formally before the committee on January 31 and February 1, but the discussion covered the whole range of the covenant and particularly the question of article 16; it was impossible to consider whether it was desirable to bring all states into the league without considering what changes would be necessary to accomplish that end, and whether such changes were desirable or practicable.

The discussion brought out radically different points of view, but on one point there was little dissent—namely, that article 16 had never been enforced in its entirety and only once partly attempted; that there was no proposal in any quarter to apply it in the conflicts now waging, and that member states are not now prepared to regard the provisions of article 10 and article 16 as binding. The delegates of Sweden declared:

> **The league in practice has ceased to be a coercive league. . . . By the force of events, without any amendments to the covenant, the practice has been established according to which members of the league do not consider themselves bound to undertake coercive action against an aggressor state.**

That position was not seriously challenged. There was, however, wide difference of opinion as to whether a coercive league was or was not desirable, and whether or not the existing practice should be translated into amendments to the text of the covenant. Mr. Paul Boncour admitted there was some ground for the fear of certain small powers that the great powers which had shown little zeal for article 16 might demand its strict observance in conflicts in which they themselves were concerned. Some small states also appeared desirious of maintaining the possibility of sanctions being used in their support, though not ready to pledge their use when others were in need.

Broadly speaking, the U.S.S.R., France, Spain, China, Iran (or Persia), Czechoslovakia, Mexico, Colombia, New Zealand, indicated they were convinced that ultimately, if not now, sanctions might be workable, and that it would be a mistake to take article 10 and article 16 out of the covenant in response to what might prove a temporary difficulty. Sweden, and in other connections the other Scandinavian states, Holland, Belgium, Switzerland, emphasized the danger of the present ambiguous position. Sweden and Holland proposed that article 16 be formally recognized as being at present optional and not obligatory in character. Poland indicated definite qualifications. Chile urged the removal of all sanctions to facilitate the entry or return of all countries to the league.

The Canadian government, through its representative on the committee, indicated its belief in the necessity of attaining substantial universality for the effective working of the league. It did not consider, however, that it was now possible to obtain universality by putting through formal amendments to the covenant. Some members of the league had indicated they were not prepared to consent to the explicit changes in the sanctions article necessary if some great countries were to enter. On the other hand, some countries outside the league had indicated their unwillingness to enter or re-enter the league, whether organized on a coercion or on a conciliation basis. The Canadian government therefore believed it desirable to keep the league operating as effectively as possible within the scope which experience had shown to be practicable, and to seek at a more opportune time such formal adjustments as may be required to secure the cooperation of all states which are prepared to renounce aggression and to cooperate in the peaceful settlement of international problems. Meanwhile, it was stated, the position of the Canadian government as to sanctions and the sanctions articles re-

mained as set forth by the Prime Minister in the assembly in September, 1936. As has been indicated, no one in the recent discussion at Geneva ventured to hold that the sanctions articles were now in force. It would have taken considerable hardihood to make such a contention in view of the absolute refusal of league members, great and small, to invoke sanctions in the present conflict between Japan and China.

In fact, the present situation as to the interpretation of the sanctions articles was well summed up by the representative of Belgium in the committee of twenty-eight:

> To-day is a grave conflict, the anxiety is to avoid procedures that might lead to the application of article 16, because account is taken of the obstacles that would be met with in its application.

At the same time, the possibility must be taken into account, that, in the phrase of another speaker, the article may be resurrected, or, as it has been put elsewhere, may be taken out of cold storage when it suits the interests of some of the members that now completely ignore its existence.

To avoid any possibility of ambiguity or misunderstanding, it is therefore desirable to repeat that the position indicated in the assembly of 1936 and in this house earlier in the same year remains the position of the Canadian government. We recognize the honesty and the idealism of those who call for a universal and automatic application of sanctions. We do not consider that it would make for honesty or decency or good will among nations to attempt an in and out interpretation of the covenant, based on the varying interests of some of the members of the league. So far as the Canadian government is concerned, the sanctions articles have ceased to have effect by general practice and consent, and cannot be revived by any state or group of states at will.

Now may I pass to the question of our relationship to the foreign policy of other members of the British commonwealth of nations, and particularly the United Kingdom. The task of the United Kingdom in the field of foreign affairs has been an extraordinarily difficult one of late years. Its own position has been modified by shifts in the balance of power throughout the world and the invention of weapons of war which have ended its own insularity, and introduced new factors into the Mediterranean area. As one of the great powers, it has had to consider not only its own protection, but the maintenance of peace throughout the world and particularly on the continent of Europe. There may be differences of opinion as to the wisdom of some of the policies adopted to secure these ends in the twenty years since the war, but I think there can be little question of the unremitting care and anxiety which those responsible for the foreign policy of Britain have devoted to their task, or of their strong and determined effort to establish peace and maintain respect for solemn pledges and the principles of law.

No course of action adopted by the United Kingdom in foreign affairs can fail to have repercussions, great or small, upon Canada and the other members of the commonwealth of nations. The problem of adjustment this fact presents is one of the most difficult and complicated that faces Canada and other parts of the commonwealth as well. A number of courses have been urged or practised. It may be helpful to review these briefly. I believe that all of them have been mentioned in this house in the course of discussions on defence matters and other questions. They have been mentioned by one or another member who has been prepared to support the point of view he urged.

One attitude that has been proposed is to say that we will accept any policy adopted by the British government of the day, and give it our support, regardless of our own views and interests, and regardless of consequences.

It is only necessary to spell out the implications of this view to make it clear that even its exponents would hesitate to adopt it in all cases. The goal of United Kingdom policy may remain the same, but the paths by which that goal is sought vary widely. The view which I have mentioned would involve being prepared to follow every variation in the trend of British policy due to changing situations on the continent, changing party fortunes or changing ideas of national advantage. It would mean one year following a Conservative government, next year a Labour government; one year leaning toward collective security, next year perhaps toward isolation.

A second course would be to say that we will accept the policy of Great Britain whenever she acts through the league and in accordance with the covenant.

It was held in some quarters some years ago that the fact that all parts of the commonwealth were members of the league and that Great Britain would not go to war except under a league decision and in accordance with a covenant binding all parts equally and automatically, had conveniently and permanently solved the question of intra-commonwealth war relations. Experience has shown that no such automatic solution is

afforded by the league, that it does not operate automatically, and that the question whether an attempt is to be made to set its sanctions or war provisions in action depends in last analysis on whether influential European members of the League wish to invoke these provisions.

A third course that might be advocated is to say we will advise Great Britain as to what course she should follow, so that we will not be involved in the consequences of a policy we thought wrong. I believe that position has been stated many times in this house.

This attitude has more to be said in its favour. Occasions arise where consultation is both necessary and possible, and where it will be open to each government and sometimes necessary for each government to indicate its attitude. The difficulty, however, is that a United Kingdom government, for example, must be responsible to its own people for its actions. The direct and main responsibility for its policy must rest with its own parliament. They are closer to the danger point, and must bear the main brunt of any misjudgment or failure. They might be prepared to take advice which fell in with their own views; but otherwise they would find it difficult to do so unless the adviser could guarantee them against the consequences. It could not be anticipated that Canada and South Africa, Australia, New Zealand and Ireland would always advise the same way. The necessity of the United Kingdom consulting certain other powers in Europe would not be affected. The danger would arise of intervening in controversies between the government and the opposition in Westminster. In many cases, there is not time or opportunity for such consultation or advice. A policy is not adopted at one stroke; it is the sum of many actions, accumulating decisions on what often appear points of detail, ordinary routine. Daily and sometimes hourly new situations must be faced, conversations held, decisions taken.

Again, it has been urged that we should say we will declare here and now our neutrality in any future conflict, decline to take part under any circumstances in any conflict in which the United Kingdom may be engaged.

I stated the government's position on this proposal last session in the following terms. I have stated it in similar terms in other sessions:

> This would amount to tying the hands of parliament regardless of the circumstances of the war or the participants, what interests of Canada may or may not be involved. Over and over again we have laid down the principle that so far as participation by Canada in war is concerned, it will be for our parliament to decide. Having taken that attitude in respect to participation, I think we might well take a similar attitude with respect to neutrality. At the present time there are no commitments, so far as Canada is concerned, to participate in any war. Equally there are no commitments . . . whereby we agree to remain neutral under all circumstances. The policy of the government with respect to participation and neutrality is that parliament will decide what is to be done.

That position has not been changed. To make such a declaration would be unjustified by the policies of British governments. It would be an unwise encouragement to potential aggressors.

Finally, we may take the position that parliament will decide upon our course when and if the emergency arises, in the light of all the circumstances at the time. In the meantime we should endeavour to keep informed upon the situation, to keep in touch with the United Kingdom and other countries striving for peace, to carry through a reasonable and effective defence program of our own, to support any constructive program of conciliation and removal of economic barriers to peace, and to strive in our own relations to build up friendships which will serve our need and the need of others.

I made a statement at Geneva in September, 1936, in the presence of British ministers and representatives of other nations, which later, on January 25, 1937, I declared was "a statement of the present administration's policy and the policy which the present administration intends to follow as long as it remains in office." It was as follows:

> The nations of the British commonwealth are held together by ties of friendship, by similar political institutions, and by common attachment to democratic ideals, rather than by commitments to join together in war. The Canadian parliament reserves to itself the right to declare, in the light of the circumstances existing at the time, to what extent, if at all, Canada will participate in conflicts in which other members of the commonwealth may be engaged.
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> The Canadian House of Commons by unanimous resolution has made the adoption of undertakings to apply either military or economic sanctions subject to the approval of parliament.

What I have said and quoted—

I am still quoting what I said at Geneva two years ago.

> —does not mean that in no circumstances would the Canadian people be prepared to share in an action against an aggressor; there have been no absolute commitments either for or against participation in war or other forms of force. It does mean that any decision on the part of Canada to participate in war will have to be taken by the parliament or people of Canada

in the light of all existing circumstances; circumstances of the day as they exist in Canada, as well as in the areas involved.

It will be argued, it has been argued, that it is not satisfactory to postpone decision until the eve or the fact of an outbreak of war, that under such circumstances calm decision will not be possible, that the decision should be made in advance.

I do not agree with that view. In the first place it would be impossible to frame to-day the questions which might have to be decided later. Many "inevitable" wars have never happened. The opponents of one year may be the friends of the next. It is impossible to forecast what the issues abroad, the alignments abroad, the situations at home, may be in a year or five years from now. In Mr. Hull's address on foreign policy on March 17, to which I have already referred, after indicating his country's firm adherence to the faithful observance of international agreements, the settlement of international issues by peaceful negotiation, the scrupulous observance of the rights of others, and the maintenance of international law and order, he continued:

There is one thing that we cannot do. And that is, to prepare and place before every government of the world a detailed chart of the course of policy and action which this country will or will not pursue under any particular set of circumstances. No man, no nation, can possibly foresee all the circumstances that may arise. Moreover, to attempt to make such a detailed chart of future action would merely result in impairing our effectiveness in working for the one objective toward which we constantly strive and on which, I am certain, there is not a vestige of disagreement among the people of our country—the establishment of durable peace.

In Mr. Chamberlain's speech of March 24, referring to suggestions of assurances to France regarding Czechoslovakia, or assurances of military assistance direct to Czechoslovakia, Mr. Chamberlain declared:

From a consideration of these two alternatives it clearly emerges that under either of them the decision as to whether or not this country should find itself involved in war would be automatically removed from the discretion of His Majesty's government, and the suggested guarantee would apply irrespective of circumstances by which it was brought into operation, and over which His Majesty's government might not have been able to exercise any control.

Again, it should be plain to everyone, it is explicitly recognized by some of those who urge a decision now, that to force an issue like this upon the country would bring out deep and in some cases fundamental differences of opinion, would lead to a further strain upon the unity of a country already strained by economic depression and other consequences of the last war and its aftermath. To invite this risk on a hypothetical question would be as great a disservice to Canada as any government could render.

It must be recognized that this policy is not wholly satisfactory, not free from difficulties, not a completely logical position. Like many other policies it is not an ideal solution; it is only the best of the available solutions. That, however, is not the fault of the policy. It is the inevitable outcome of the present stage in the relations between the several parts of the British commonwealth. It is inherent in the contradiction between the recognized independent responsibility of the several members of the commonwealth, "equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs," to quote the declaration of the imperial conference of 1926, and the possibility that war proclaimed by the king as regards part of his dominions may involve other parts in the conflict. In other words, we have worked out a satisfactory and enduring solution of the relations between the several members of the British commonwealth in peace time; we have not yet worked out a completely logical solution of the position in war time.

Now may I turn briefly to some more specific comments on developments abroad, and first, the Sino-Japanese conflict. The terrible war now waging on the soil of China has aroused intense interest and concern in Canada. It is a conflict of great moment for the future of the Pacific and of the relations between the countries that border on the Pacific. It is a clash between two ancient and distinctive though allied civilizations, in which all the powers of destruction and terror which western civilization has made available to the whole world are being employed. Canada has many close ties with both countries—cultural and church and trade associations. The immediate tragedies have stirred deep feeling. Similar conflicts, with similar losses of life, have been waged in Asia over many thousands of years, but to-day the telegraph and the camera and moving pictures have brought home to millions on this continent a direct and poignant knowledge of the suffering and the horrors such a conflict involves, both for the tens of thousands who die in battle and for the tens of millions who are driven from their homes to wander and to starve. A distinguished Chinese visitor to Canada recently stated that he did not wish to dwell upon charges of atrocities in the conflict. It is true that, once the die is cast and war is

entered upon, the difference between a humanely conducted war and an inhumanely conducted one may not be very great, though it will still be significant. Some armies may show greater arrogance, greater callousness in battle, greater recklessness as to attack on civilians, but with airplanes and bombs and gasses available, no modern war can be anything but mass slaughter, mass destruction, mass suicide.

It is natural that many Canadians have asked what they could do, what the government and parliament could do, in the face of this calamity.

So far as the government's action is concerned, Canada has a direct interest as a member of the League of Nations and as a signatory of the nine-power treaty. The covenant of the League of Nations provides under article 10 that the members of the league agree to respect and preserve as against external aggression the territorial integrity and existing political independence of all members of the league. Article 11 provides that any war or threat of war is a matter of concern to the whole league, which shall take any action that may be deemed wise and effectual to safeguard the peace of nations. Articles 12 to 15 of the covenant providing for means of peaceful settlement of disputes between members of the league, and article 16 providing for sanctions in the event of a member of the league resorting to war, do not directly apply, as Japan is not now a member of the league. Article 17, however, provides that in the event of a dispute between a member of the league and a state which is not a member, the non-member shall be invited to accept the obligations of membership. If it does not accept and resorts to war against a member of the league, the provisions of article 16 shall be applicable against it.

On September 12, 1937, the Chinese government appealed to the league under articles 10, 11 and 17. The assembly was then in session, with Senator Dandurand, Mr. Ilsley and Mr. Massey representing Canada. The council referred the question direct to a far eastern advisory committee of twenty-two members which had been set up in 1933 to deal with the previous Manchurian conflict. Canada is a member of that committee. On september 27 the advisory committee which included the United States, passed a resolution which was accepted the following day by the assembly condemning airplane bombing of open towns and cities in China by Japanese aircraft. On October 1 a sub-committee was set up, on which Canada was not represented. Four days later the sub-committee brought in two reports, the first setting forth the facts of the present situation in China, and declaring that the action by Japan was a breach of its treaty obligations and could not be justified. The second report expressed moral support for China, recommended that members of the league should consider how far they could individually extend aid to China, and further recommended that the signatories of the nine-power treaty should be asked to examine the situation. The report and resolutions were adopted by the assembly on October 6 with the approval of all members represented except Siam and Poland, which abstained.

It must frankly be recognized that the league's treatment of the situation has not proved of very material benefit to China. The question whether the sanctions provisions of article 16 should be invoked was studiously avoided. The plain facts were, first, that with more than half the great powers outside, there was not the concentration of potential force within the league that had been contemplated when the covenant was framed, and, second, that given the unrest and the threats to peace in the Mediterranean and central Europe, the European countries that were in the league were not prepared to weaken their own position at home by taking steps which might involve having to despatch a large and possibly still inadequate part of their forces to the other side of the earth.

The league assembly, as has been noted, proposed that the question be further considered by the signatories of the so-called nine-power treaty. That treaty was one of the series of inter-related treaties and agreements signed at Washington in the winter of 1921-22, with the object of bringing about stability and security in the far east. It was signed for the United Kingdom and Canada, Australia, New Zealand, The Netherlands, Portugal, and Japan and China, and was later accepted by other powers. The contracting parties undertook to respect the independence and territorial integrity of China, to seek to maintain the open door in China and refrain from seeking for special privileges, or spheres of influence. Article 7 provided that when in the opinion of any signatory a situation arose involving the application of the treaty, there should be "full and frank communication between the contracting powers concerned." In view of some misunderstanding on the subject, it is necessary to remember that this treaty, unlike the covenant, included no provision for sanctions against a signatory which broke its pledges. It bound each party to refrain from aggression and intrigue, it provided for consultation if peace was threatened, but it did not involve joint action against a violator.

The conference met in Brussels early in November, on an invitation by the Belgian government issued at the request of the British government and with the approval of the government of the United States, for the purpose "of examining, in accordance with article 7, the situation in the far east and to consider friendly peaceable methods for hastening the end of the regrettable conflict now taking place there." All the countries which signed or adhered to the treaty were represented, with the all-important exception of Japan. Earnest and repeated efforts were made to bring the warring parties into consultation. The services of the other signatories, or alternatively of a small group of states, were offered in an effort to suspend hostilities and work out a lasting settlement. Japan refused to take part, declared she was acting in self-defence and that the conflict therefore lay outside the scope of the treaty, and that a solution could be attained only by efforts between the two parties directly concerned. The conference found itself at an impasse. The members of the conference, with Italy definitely opposing and the three Scandinavian countries, while sympathetic, abstaining from voting on account of their limited direct interest, declared their right and interest to intervene in the issue, their condemnation of force and breaking of pledges, their rejection of the view that direct negotiation between the two parties could achieve a settlement, and their readiness to continue further efforts for suspension of hostilities and negotiation. They then adjourned at the call of the chairman. In the circumstances, nothing more was possible; it was probably worth while holding the conference to determine whether more was possible. Canada concurred in the action taken. It did not think less could be done; it did not urge the great powers represented to do more.

There is another phase of this question about which a good deal has been said in Canada. I have received a good many communications protesting against the shipment to Japan of munitions and of raw materials available for war purposes. Many of those communications reveal a common inspiration from sources more concerned with the welfare of certain other countries and systems than with Canada's welfare. But many are genuine, based on an honest hatred of war, disgust at atrocities, unwillingness to see profit made out of others' misery. Those views I respect. I think we all share the feelings that lie behind them. But they are also based on erroneous ideas as to the facts both of Canada's position and the position of other countries, and erroneous assumption as to what action by Canada alone would effect.

Perhaps before I give the facts with regard to shipments of munitions and the like I had better touch on the other conflict, the civil war in Spain, because what I have to say with regard to the shipment of munitions has a direct bearing on both. In Spain, the conflict is in form at least a civil war, not a war between independent states. It is not the first conflict that has marked the history of that unhappy country. The transition from mediæval feudalism to a modern social order has been a slow process, marked by more than one civil war, more than one armed revolt. The conflict which began in July, 1936, has been particularly destructive because of the nature of modern weapons of warfare, and because of the intervention of outside governments in the struggle, the Italian and German governments directly assisting the insurgents and the soviet government assisting the government. There was imminent danger of the conflict spreading into a war of isms, of class conflict and of conflict of national strategic interests. On the initiative of the governments of France and Great Britain, a non-intervention committee of twenty-seven European states was formed to endeavour to prevent or restrict outside participation in that war. The committee has not succeeded in preventing continued extensive participation by outside states, all members of the committee. Its critics in England and France contend that it was unfair to put an unrecognized insurgent force on a par with a recognized government, that the committee has merely furnished a veil, an excuse for shutting one's eyes to a flagrant invasion of Spain with plane, tank, and heavy artillery, and that a serious danger exists of a threat to British and French communications in the Mediterranean and on the Atlantic coast. Its sponsors contend that it has lessened the amount of such intervention, that it has prevented an open break which would have led inevitably to a general European war, and that whatever the outcome and whatever the assistance received, no Spanish government, when firmly in power, will tolerate outside control.

Canada of course did not take part in the establishment or the work of this European committee, nor did any other non-European country. But when the United Kingdom, the United States and other countries had prohibited the export of munitions to Spain, the possibility arose that orders for munitions might be diverted to Canada, and in order that the efforts to localize the conflict in Spain might not be frustrated in this manner, an

order in council prohibiting such imports was passed in July last, under the authority of the amendment made last year to the Customs Act.

Mr. BENNETT: When my right hon. friend said "imports," was he not referring to exports?

Mr. MACKENZIE KING: Exports from Canada, but imports of the country in question.

Mr. BENNETT: Yes.

Mr. MACKENZIE KING: Similarly, in order to prevent Canada from being drawn into this European struggle by the recruiting of Canadians for service in Spain, an order in council was passed in July, applying the Foreign Enlistment Act to the Spanish conflict, as had previously been done in the United Kingdom and administratively in the United States, and early in August the issue of passports to Canadian nationals proposing to go to Spain for the purpose of participating in the conflict was prohibited.

As there is some misunderstanding on the subject of both these measures, it may be advisable to refer briefly to their scope and subsequent application. The purpose of both measures was to prevent Canada from being drawn into foreign conflicts by the actions either of manufacturers of munitions or of organizers of recruiting.

The provision for the control of exports was based upon the reports of a Geneva committee, and an examination of the practice of other countries. An amendment to the Customs Act, which took the place of an old section which was comprehensive but not adapted to present conditions, empowered the governor in council to set up a system of permits or licences for the export of munitions or food or raw materials; to provide publicity for exports or imports of munitions; to register persons engaged in manufacturing or exporting munitions, and to prohibit the exportation of munitions or war materials. Under this authorization a system of permits was subsequently set up to regulate the export of arms and munitions, the definition of which was based substantially on the recommendation of a League of Nations committee.

No exports of munitions to any country can be made without a permit, and statistics of such exports are made public by the enforcing agency, the Department of National Revenue, every month. The licence system, it will be noted, applies to arms and munitions only. Further, the discretionary power given the government to prohibit exports, has, as I have already indicated, been applied to exports of munitions in the case of Spain. The prohibition in this case does not apply to raw materials or any other class of goods—solely to arms and munitions as defined. The power thus given has not been applied by Canada, or any other country, as regards either munitions or any other materials, in the case of the Sino-Japanese conflict.

The Foreign Enlistment Act of last session, which took the place of an old act of the parliament of the United Kingdom extending to Canada, made it unlawful for a Canadian national to enlist anywhere for service against a friendly state, or for any person within Canada to induce any other person to enlist. This act contains many collateral provisions and empowers the governor in council to provide for its application to a civil war, and to facilitate these purposes by passport control.

An organized campaign for recruiting Canadians and foreigners living in Canada was under way, and a substantial number of persons had left Canada and proceeded to Spain. Since August no passports for Spain have been issued to Canadian nationals, though a small number of Canadians and of foreigners have made their way to that country by indirect routes.

I now come to a consideration of the shipment of munitions. First, as to Canadian exports. Arms and munitions are not made in Canada in any appreciable degree, and our export trade in this field is still more negligible. So far as exports to Japan are concerned, I am informed that the only shipment has been a single plane ordered before the war; to China, a few planes ordered since the war.

It is, however, the trade in raw materials and particularly in non-ferrous metals, against which complaint is mainly directed. Our exports of lead, zinc, aluminum and nickel to Japan are substantial, and take a leading place in the list of our exports to that country. They have increased since the war broke out, though in some cases they are again declining. The exchange restrictions introduced by the Japanese government before the war, in the endeavour to conserve its declining gold supply, have given that government a power of discrimination, and altered the proportions of the commodities imported into Japan. To China, our exports of these commodities are much smaller. It has been contended in some quarters that Canada's supplies and Canada's supplies alone are vital to the continuance of Japan's war effort, and that it is our duty as it is within our power, to take action to end this effort.

Let us first get the facts in perspective. Our total exports to Japan have increased rapidly, but they are still far below the total of 1929. The recent increase in that trade is part of the general improvement in exports as a result of the industrial revival of recent years. Our exports to all countries are much nearer the high water mark than our exports to Japan:

	Canadian exports to Japan	Canadian exports to all countries
1929..	$37,504,692	$1,182,412,313
1932..	11,995,887	493,808,841
1935..	14,915,577	729,293,800
1937..	25,851,829	1,110,192,151

In our exports, as in our production, and in fact in the revival of prosperity and stability in Canada, minerals have come to hold a relatively greater place in recent years as the result of new discoveries mainly in the pre-Cambrian shield. We are now among the world's important producers and exporters of gold, silver, platinum, copper, lead and zinc, as we long were of nickel. In many cases, as is generally known, these are joint products, lead or copper or zinc being found in the same veins with silver or gold, and recovered in the same operations.

So far as our exports of lead, zinc, aluminum, copper and nickel are concerned, there is nothing special in our shipments to Japan. Of nickel in the last two years we exported ninety-eight millions in all, of which only five millions were to Japan; of aluminum twenty-five millions, of which five million were to Japan; of lead, twenty-one millions, of which seven were to Japan; zinc, twenty-two, of which two were to Japan; of copper, over ninety-one millions, of which less than one million was to Japan. Incidentally, over 75 per cent of all these exports went to the British empire and the United States, (less than 10 per cent to Japan, Italy, and Germany, and the balance to other foreign countries). It is true we are the largest exporters of nickel to Japan as to most other countries, and important suppliers of aluminum and zinc. But it also is true that of iron and steel and scrap, and of copper, we supply only an insignificant fraction. (One single country's exports of iron and steel and scrap alone are three times in value our total exports of all goods whatever to Japan). It is also true that of the oil, coal, cotton and rubber which are equally necessary for mechanical operations, whether in war or in peace, we supply nothing whatever, nor of the wool necessary to clothe the armies in the field.

Some misconception exists regarding certain figures given out at Brussels by the Chinese delegation to the conference, showing the percentage of certain materials—oil, coal, cotton, rubber, wool, iron, aluminum, antimony, manganese, tungsten, chrome, copper, zinc, tin, etc., exported in 1936 to Japan, with the object of showing that an embargo on exports would be effective if imposed by all parts of the British commonwealth, the United States, France, Holland and a few other countries. Canada was said to have supplied 71.7 per cent of Japan's imports of aluminum, 97 per cent of the copper and 34.5 per cent of the zinc. It may be pointed out first that the figures referred to 1936, a period of peace; that only three items were listed affecting Canada, and that as regards copper, the statistics were highly erroneous, the percentage from Canada being one-half of one per cent instead of 97 per cent. These misconceptions formed the basis of much of the demand for a Canadian embargo on raw materials.

Having noted the facts in some perspective, the implications that are drawn may next be considered. In the first place, it is erroneous to assume that metals such as lead, zinc and nickel are used only for armament purposes; quite the contrary is the case; the vast bulk of these three metals is used for industrial purposes, though it is of course true that when a country is at war, the industrial uses will be rationed and restricted. In any case, an embargo would be economically futile. It must be evident to anyone familiar with foreign trade that no system of administrative control which we could devise in peace time could hope to prevent Canadian nickel, lead, zinc, copper, aluminum, scrap-iron, and the rest, sold to purchasers in third countries, from reaching Japan. Once these commodities leave Canadian territory and enter into the commerce of another country, this parliament has not and cannot have any further control over them.

It is equally evident that, except in the case of nickel, of which Canada produces about 90 per cent of the world's annual production, this country has no monopoly, nor even an approach to a monopoly of production. There are, with respect to all these commodities, including nickel, other producing countries, alternative sources of supply, to which Japan, or any nation desiring to place an order, could easily turn. In addition to other sources of production, there are—and this aspect of the question is frequently overlooked—enormous stocks of all these metals readily available, stocks far more than sufficient to fill any possible Japanese demand. It is clear, therefore, that an embargo on the export to Japan of nickel, lead, copper, zinc, aluminum, and other commodities neces-

sary to the production of war supplies, on Canada's part alone, would not achieve the ends proposed.

As to concerted action for that purpose, there is no present prospect of such a policy being adopted. No proposal for an embargo either on munitions or on war materials was made either by the league assembly or by the Brussels conference. No country has placed an embargo on shipments to Japan or to China. In the circumstances it would appear there is nothing in Canada's position which would make isolated action on our part either necessary or effective. It has been stated that New Zealand has placed an embargo on exports to Japan. This is not correct. Last year a New Zealand labour union refused to load scrap-iron on a vessel sailing to Japan. The New Zealand government induced the union to abandon this action. Later, the government prohibited the export of scrap-iron to any country. No embargo has been imposed on the export of wool or any other commodity to any country.

I have spoken of the conflict in the orient and of the civil war in Spain. But Spain is not the only troubled area in Europe. There are few countries on the continent that are not undergoing a social and political revolution. In some, the revolutionary forces of the left or of the right have already attained power more autocratic than the regimes they have displaced; in others, the struggle still continues; and even in those countries that still seek progress by ordered freedom, the repercussions of the upheavals elsewhere spread fear and confusion. No country, however distant and however preoccupied by its own problems, can be unconcerned with the revival of violence, intolerance and disregard of the rights of weaker states. To countries in the whirlpool or on its verge the situation is particularly disturbing and of overwhelming import. It is not surprising that in democracies such as Britain and France the imminence of these threats to national and social and individual security, and the close association and sympathy of groups in each country with one or other of the forces and theories warring in central and eastern Europe, have led to a wide and violent conflict of opinion as to the policy that should be adopted to meet these new conditions. There are many shades and variations of opinion, but two main tendencies have developed.

In the opinion of one group, Armageddon has already come, the forces of light and darkness are irrevocably swinging into battle line for the final test of destiny. Europe and liberty, it is contended, can be saved only if the democracies firmly and unitedly call a halt here and now. The other widespread attitude is to recognize the situation as dangerous, but to insist that the policy of dividing Europe or the world into two antagonistic camps, organizing a holy alliance against fascism, would be still more dangerous, and is neither possible nor necessary. There is no warrant, it is urged, for fighting a preventive war or for seeking to form a hard and fast alliance against the authoritarian states. If such an alliance could be formed, it would only drive the fascist countries into firmer alliance and put any possibility of peaceful settlement out of the question. The wiser policy, it is urged, is to try to bring all Europe back to sanity, to emphasize and strengthen the points of agreement, not of difference, to seek to adjust each specific difficulty in turn. In what I have just been saying I am not stating my own views, I am stating the views which I believe are contending against each other in Europe to-day.

I am sure that every government in Great Britain since the war, and certainly not least the present government, has striven for peace. Differences of opinion may exist as to the wisdom of the policies adopted toward that end at different times. Governments may have failed to appreciate the strength and trend of changing forces, but taken broadly they have shown a realism and a patience that few if any other countries can equal.

I do not consider we are called upon to pass judgment or to take sides in United Kingdom discussions. Inevitably the rise of such contentious issues, such party cleavages, lead to efforts to secure or to claim the support of Canada or Australia or South Africa or New Zealand for one or other view. Statements appear in the British press that the dominions demand this or that, that Australia supports the government or that New Zealand supports the opposition view. So far as the Canadian government is concerned, it does not consider that it is in the interest either of Canada or of the commonwealth to tender advice as to what policy the United Kingdom should adopt week by week, or become involved in British political disputes. We have expressed no opinion on that policy, and no one in London is authorized or warranted in interpreting us as doing so.

Incidentally, may I say that the time has come to cease speaking of "the dominions" as if they were some peculiar half-fledged type of community, and all alike in their interests and views. Such a usage leads to confusion at best, and to alibis and misrepresentation at worst. South Africa is South Africa, New Zealand is New Zealand, Australia is Australia and Can-

ada is Canada, and it will help to good understanding if that elementary fact is borne in mind.

We have made clear our own policy as regards the league. We have indicated our own attitude toward the frequent demands that we should thrust ourselves into the European picture, take sides in the struggle of ideologies, make commitments in advance. We have equally made it clear that we are opposed to making in advance proclamations of neutrality or abstention that would be used to encourage aggressive designs. We shall try to maintain old ties and old friendships and at the same time be ready to enter into friendly relations with every country that will reciprocate. We shall try to keep in mind the difficulties and dangers that other countries are facing, but we shall not assume that it is our duty or within our power to work out their problems for them, to make over their social structure or their political ideas or their racial attitudes. In seeking within our own country, which constitutes half a continent, to build up a genuine democracy, to promote sound social relationships, to develop a tolerance and readiness to work together in achieving unity and furthering and maintaining the ties with the other members of the commonwealth, and the most friendly relations with our immediate neighbour and with all other countries, we shall be doing the task that lies to our hands, our Canadian task.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I do not propose to make any extended remarks. The party with which I am associated meets in convention at a not distant day, and will doubtless make a declaration regarding the foreign policy of this country. The views I express to-day are my own personal views and not necessarily the views of my party. I think every hon. member will understand quite clearly why I should make that statement.

I have listened, as every member of the house has, with very great interest to the observations of the Prime Minister (Mr. Mackenzie King). With respect to much of what he has said I think there can be no possible differences of opinion, but there are some matters about which our views are widely divergent.

In the first place, I wholly agree that it is not probable that this country, of its own motion and in the exercise of a choice, will be compelled to go to war. I cannot conceive it likely that the Dominion of Canada would find it necessary to resort to arms with respect to any matter that might arise in the conduct of its affairs. But I am not ignorant of the teachings of history, and it well might be that by reason of Canada's trading and other relations with the nations of the world a situation would be created which would make the alternatives a resort to arms or the loss of prestige by the commonwealth of nations.

Yesterday I saw an issue of the New York Times, I think of Saturday or Sunday. On one of its pages devoted to foreign affairs was a map of the world. Radiating from Washington there were straight lines to all the centres in which the United States was vitally concerned and interested, and there was not one of them upon the north American continent—not one. There is one in South America. And there was concern in Mexico if you regard it as part of the north American continent; their interests were with China, Japan, Spain and elsewhere—in countries, ten I think in all. And not one of those points in which the United States was vitally interested at the moment was, with the exception of Mexico, on this continent.

How did that condition arise? It arose because of conflicts of interest, because of the activities of citizens of the United States in trading and commerce, because of matters of nationality, the position of her people, in some cases missionaries—all these problems had arisen by reason of the United States being a world power and carrying on its operations in every part of the globe.

Now it well might be that the Dominion of Canada, with its business transactions extending to every part of the globe, if we carry out the idea that is suggested not only, I think, in the speech to which we have listened but by many members of this house, as to our complete isolation, our complete independence, might find that the situation which has developed in the United States has its counterpart in this country. To my mind there is no gainsaying that fact. Upon that first point to which I direct the attention of this house, I have no hesitation in saying that very many people in this country have forgotten that it is because we are part of the British Empire that we have attained the position we enjoy to-day in doing business abroad. Let there be no misunderstanding about that. Why is it that when questions arise affecting the position of our citizens, questions in connection with trade, commerce and nationality, the power which protects is not that of Canada? A frank recognition of that fact, sir, is essential to any understanding, in my private opinion, of the foreign policy of Canada,—the fact, whether we accept it

or not, that to-day we are the trading nation we are and enjoy the privileges and advantages we enjoy because we are part of the British Empire. If any gentleman questions that statement, I invite him to study the historic position of this country. I will not traverse it myself to-day, but I invite him to consider it carefully, and as he does so I am sure he will be satisfied that our position to-day as individuals as well as that of our country is attributable to the fact that we occupy a place amongst the commonwealth of nations that is known as the British Empire.

But I accept and always have accepted as a foundation point of my conception of national policy that it would be an extraordinary situation which would drive this country into the position of having to resort to arms. That is the direct side of our foreign policy. The Prime Minister referred to the implications of certain activities of ours; and there is clearly an implication there. It was contended in this house by an hon. member, and it is frequently stated outside,—indeed the Prime Minister this afternoon directed attention to the fact—that the likelihood of our being engaged in war arises from our peculiar relationship to other parts of the world. He dealt with that from two angles: first, our position with respect to the League of Nations; second, our position with respect to the British Empire.

I have said, Mr. Speaker, in this house on more than one occasion that in my judgment there would have been no League of Nations had it been thought by those who were responsible for its creation that the United States of America would not become a continuing member of it. I have grave doubts whether the United Kingdom or many parts of the commonwealth of nations would have become signatories to the covenant had they not believed that the great republic to the south was to become one of the dominant figures in the league. When the president of the United States executed the covenant, when he succeeded in inducing other nations to agree to its being made a part of the treaty of peace, they had the clearest view that it would be accepted and adopted by the country which he represented. It was not accepted, and from that refusal consequences have flowed that are of the gravest moment to the world. To-day I do not personally regard it as of tremendous importance, because the League of Nations has fallen to pieces. The withdrawal of Germany and of Japan, and I think one might say the virtual withdrawal of Italy, means that the League of Nations has ceased to function for the purposes for which it was created. Therefore, our obligations to the League of Nations have become much less than they were when in the full flood of public opinion it was launched upon the world as the organization that would cure many of the evils from which we suffered.

Its history has been very interesting. I am still an incorrigible optimist with respect to some of its operations. I believe that consultation, discussion between the representatives of the nations of the world, and cooperation of a limited character have achieved very beneficial results. That these results can no longer be very important follows, I think, as a necessary corollary from the fact that the United States is not a member of the league, and that other great powers have withdrawn from it. It is very difficult to think that our relationship to the League of Nations could indirectly impose upon us military operations. But, sir, I must deal very briefly with one point raised by the Prime Minister (Mr. Mackenzie King) and that is with respect to sanctions. For it is a matter about which so much has been written and said that it might appear that I was endeavouring to escape making any observation about it at all if I did not refer to it.

Everyone knows that a statute without sanctions is valueless. I can remember reading a great address by Edward Blake dealing with the question of the value of sanctions with respect to legislation. What good is it to place upon the statute books a number of prohibitions unless you also provide that a breach of them shall involve penalties and punishment? "Thou shalt not" was thundered from Sinai, and has found a place in our statute books; but unless there is some punishment following a breach of any prohibition, whatever it may be, then the prohibition becomes of little value.

A sanction determines largely the value of a statute. If you read the criminal code you will have a clearer appreciation of what I mean. For the breaches of statutes we provide adequate penalties. The sanction for non-performance of an obligation in our criminal law is well understood, and a sanction sounding in damages in civil matters is not unknown to most of us. But I will agree with every member of this house that sanctions no longer became a reality with respect to the covenant of the League of Nations when the United States withdrew, when Germany withdrew, when Japan withdrew.

What was the whole theory of sanctions? The whole theory of sanctions as expressed in the covenant of the League of Nations was that an offender should have the world massed against him. And he could not withstand it; certainly he could not withstand it. With all the might and power of Great Britain, the United States, France and Italy—Germany was not then in, but came in later—with all the power of these nations massed against the wrong-doer, who could stand against it? It was an application of something that is the basis of all our law. We talk about our liberties. They are grounded, our freedom is grounded, in respect for law and order and the orderly administration of the law of the country; and the law of the country depends upon an enlightened public opinion providing sanctions for violation of provisions made by the people themselves. Whether they make them in parliament or whether they are the growth of common law matters not. There you have on the one hand the great body of common law, which includes part of the criminal law of England, and on the other hand you have statute law as embodied in criminal codes; and behind it we have an enlightened and powerful public opinion. That public opinion provides the sanction that enforces the penalties for breaches of the law.

When this covenant of the League of Nations was prepared, when the nations of the world met together and agreed unanimously what action should be taken against nations who violated the provisions, then the sanctions provided by the covenant of the league were all-powerful—the massed power of the world, the massed public opinion of the world. The power of a world demanding peace, a world weary of war, shocked beyond expression at the results of war, the destruction of millions of men and of billions of treasure—all this found expression in that enlightened and ennobled public opinion that was embodied in the covenant of the League of Nations. I think therefore, without going into the matter in detail, that one might say that the likelihood of Canada being involved in warlike activities by reason of our relationship with the League of Nations is very remote. In fact, it is so remote as to be almost improbable. But we come to what is after all the vital point in the foreign policy of this country. We are part of the British Empire, and that relationship involves responsibilities. I wonder whether we have clearly appreciated what the responsibilities are that we have accepted. They were not imposed upon us. They were of our own seeking. We settled them in 1926. The long process of evolution, the long years of effort, the resentment against what we regarded as subordination, the desire for equality of status, the desire for self-expression; all these, coupled with our magnificent achievements during the great war—the achievements not of Canadians alone but also of the thousands of Australians who crossed leagues of sea; of the New Zealanders; of the great Botha and Smuts, in crushing not only a rebellion at home but the German power in southwest Africa, the first victorious campaign of all the war—all these united to induce the representatives of the dominions in conference to suggest that the time had come when we should endeavour by some form of words to define our relations one to another. You will recall, sir, it was suggested that after the war there should be a great empire constitutional conference. But conditions in South Africa hastened the search for a solution. I have no doubt that the Prime Minister has been told by General Hertzog, as I have, that but for the settlement of 1926 he believed that civil war would have been inevitable in South Africa. I think that view was also held by General Smuts.

When the imperial conference was held in 1926, attended on behalf of this dominion by the right hon. the present Prime Minister and others, an effort was made to formulate an expression of the position and mutual relations of the various parts of the British Empire. If, sir, you ask me what the foreign policy of this country is, I say that is found in the declaration of 1926. I listened this afternoon to the Prime Minister reading a portion—and a portion only—of that declaration. I now propose to read it in its entirety. In the report which was made by the committee presided over by the late Earl of Balfour, the second section deals with the status of Great Britain and the dominions. It proceeds:

> The committee are of opinion that nothing would be gained by attempting to lay down a constitution for the British empire. Its widely scattered parts have very different characteristics, very different histories, and are at very different stages of evolution; while, considered as a whole, it defies classification and bears no real resemblance to any other political organization which now exists or has ever yet been tried.
>
> There is, however, one most important element in it which, from a strictly constitutional point of view, has now, as regards all vital matters, reached its full development—we refer to the group of self-governing communities composed of Great Britain and the dominions.

I interpose there to point out that the words are "composed of Great Britain and the dominions," placing Great Britain and the dominions upon a parity.

Their position and mutual relations may be readily defined. They are autonomous communities within the British empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs. . . .

It is not sufficient to stop there. That ended the declaration of position. There follows a statement of responsibility:

. . . though united by a common allegiance to the crown, and freely associated as members of the British commonwealth of nations.

What are the governing words of that section? "Freely associated"—not by force, not by coercion, but freely associated together. And free association means that in every action that is taken there is at least an understanding with the persons with whom you are associated.

Let us proceed a step further. It continues:

A foreigner endeavouring to understand the true character of the British Empire by the aid of this formula alone would be tempted to think that it was devised rather to make mutual interference impossible than to make mutual cooperation easy.

Such a criticism, however, completely ignores the historic situation. The rapid evolution of the oversea dominions during the last fifty years has involved many complicated adjustments of old political machinery to changing conditions. The tendency towards equality of status was both right and inevitable. Geographical and other conditions made this impossible of attainment by the way of federation. The only alternative was by the way of autonomy; and along this road it has been steadily sought. Every self-governing member of the empire is now the master of its destiny. In fact, if not always in form, it is subject to no compulsion whatever.

But no account, however accurate, of the negative relations in which Great Britain and the dominions stand to each other can do more than express a portion of the truth. The British Empire is not founded upon negations. It depends essentially, if not formally, on positive ideals. Free institutions are its life-blood. Free cooperation is its instrument. Peace, security, and progress are among its objects. Aspects of all these great themes have been discussed at the present conference; excellent results have been thereby obtained.

And mark these words:

And though every dominion is now, and must always remain, the sole judge of the nature and extent of its cooperation, no common cause will, in our opinion, be thereby imperilled.

Equality of status, so far as Britain and the dominions are concerned, is thus the root principle governing our inter-imperial relations. But the principles of equality and similarity, appropriate to status, do not universally extend to function. Here we require something more than immutable dogmas. For example, to deal with questions of diplomacy and questions of defence, we require also flexible machinery—machinery which can, from time to time, be adapted to the changing circumstances of the world. This subject also has occupied our attention. The rest of this report will show how we have endeavoured not only to state political theory, but to apply it to our common needs.

That declaration of 1926 was a declaration in which the present Prime Minister took his part. The right hon. Minister of Justice (Mr. Lapointe) took his part in formulating it. In its ultimate expression and form it contemplates complete autonomy and freedom of action on the part of the dominions, subject to limitations, each of which is expressed so clearly that he who runs may read—"though united by a common allegiance to the crown," and "freely associated as members of the British Commonwealth of Nations"; (1) a common allegiance; (2) a free association. Association does not mean separation. It means unity of action and of purpose.

I recall the language used by the Minister of National Defence (Mr. Mackenzie) in making his statement to this house on March 24 last. What did he declare to be the security for Canadians on the high sea? He reviewed our foreign trade and referred to our position as an exporting country. Then he used these very impressive words, at page 1650:

In regard to the exact position of Canada it is only fair to say that to-day the main deterrent against a major attack upon this country by a European power is the existence of the British fleet in north Atlantic waters.

He referred to that fleet again in these words:

Just as the British navy on the Atlantic is our greatest security in that quarter—

Then he went on to say that we might have some hope that our neighbouring friends would not desert us in time of peril. The British fleet! Who maintains it? Who is being taxed to death that it may live? From what quarter is it maintained? Yet, speaking for the government of this country in a moment of great peril and crisis, we are told that the British fleet is to protect us on the Atlantic. Sir, there you have the application of the declaration of 1926, "free association." Just as the minister pointed out that we would freely associate with others in maintaining our position, so he relies as of right, because of free association, upon the British fleet to protect our great trade and commerce to which he referred as being largely an export business sent from these shores. Have we not there, Mr. Speaker, the foreign policy, the external policy of Canada?

Then the Prime Minister put to this house five propositions, at least one of which I think must have been the creation of his own mind; for I have not heard anyone in this

house suggest that we should supinely follow the policy of the United Kingdom in any matters of foreign concern. In fact the whole conference of 1926 was the negation of that. The Prime Minister said there was a certain class who accepted any policy of Great Britain, regardless of what it might be, and followed it blindly. Well, I have not seen any people of that sort in this country. In that regard I recall a communication sent to me by the late Sir Robert Borden containing a letter which he had received from the late Sir Austen Chamberlain. It was a very simple statement, but it embodies the very view that I have expressed so poorly. These were the words, and they were written in February, 1931:

> If I allowed myself a further observation, it would be this. As regards the liberties and status of the Dominion of Canada you have achieved all that you set out to secure. But your policy had two sides—while insisting on the one side on the rights of Canada, you consistently coupled them with the duties and responsibilities which were inseparable from the exercise of those rights.

That again is but an expression on the part of a foreign secretary, to one who had been prime minister of this country, of the thought contained in those words "freely associated as members of the British Commonwealth of Nations."

I proceed a step further. That first class of persons to which reference has been made, who in peace or war would blindly follow any policy initiated by the United Kingdom, in my judgment are not to be found in this country; at least if they are, I have not come across them. Then there was the second class of persons to whom the Prime Minister referred, who accepted Great Britain's policy when it was within the principles of the League of Nations. I agree with what has been said in that regard by the Prime Minister, and I need not do more than say that when it was suggested that because all the dominions of the British Empire and India were, with Great Britain, members of the League of Nations, any action that might be taken looking toward conflict was action that could be taken only with the approval of the league, and therefore there was no further necessity for our giving great concern to our inter-imperial relations, since they were covered and governed by the provisions of the covenant of the league.

The third class referred to was the class that would consult and advise with Great Britain through the governments of the dominions and thus hope to be able to arrive at a common policy. Well, I think that is not an unsound view to take. I cannot but think that in view of what we said in 1926 it would be the essence of sound common sense that we, by kindly suggestion and by discussion antecedent to events, should arrive at a common policy with respect to matters touching the life itself of the British Commonwealth of Nations. I think most people believe that possible and desirable.

Then as the fourth class the Prime Minister suggested those who believe in the complete neutrality of this country. That raises an issue at once, sir, of tremendous import. The late Sir Wilfrid Laurier regarded that as hardly worth even discussing; for he held the view that when any part of the British Commonwealth of Nations was at war Canada also was at war. He expressed that view in this house in terms so clear as to admit of no possible doubt. How could this country be neutral and remain in free association with the other members of the commonwealth of nations? Yet it is to this free association that the Prime Minister very properly committed this country in 1926. It is to this that the house gave approval. It is this that parliament has accepted. How, sir, could you have anything such as the neutrality of Canada and a free association with the other members of the commonwealth, which includes the United Kingdom?

Then there was the fifth class of citizen to which reference was made, and that reference was summed up by the statement of the Prime Minister that parliament would govern. He said that we would keep in touch with the other dominions, but that parliament must determine these issues. If the view taken by Sir Wilfrid Laurier was a sound one—and it was a view which was accepted by constitutionalists in every part of the world—then, sir, this parliament would in such event be dealing with a reality, not a theory. For if war were to result by reason of difficulties between any of the other self-governing dominions or Great Britain and any other part of the world, then, as Sir Wilfrid pointed out, we also would be at war, and parliament would be dealing with an actuality, not a theory.

Mr. LAPOINTE (Quebec East): But he said more than that.

Mr. BENNETT: Yes, much more than that; but I am talking about what he said in this connection.

Mr. LAPOINTE (Quebec East): But that was not the whole sentence of Sir Wilfrid Laurier. He said, "but it does not follow that Canada will participate in any war."

Mr. BENNETT: I was just coming to that point, and I thank my right hon. friend

for bringing it to the attention of the house. He made a declaration, one which I say is accepted by constitutionalists as sound, that if any part of the British Empire were at war—and within that expression we of course are included, as is the United Kingdom—then also Canada is at war. But whether or not Canada should participate in that war is a matter to be determined by the Canadian people and the Canadian parliament.

Mr. LAPOINTE (Quebec East): That is right.

Mr. BENNETT:: There never has been a doubt about that.

Mr. MACKENZIE KING: That was my fifth point.

Mr. BENNETT: I am sorry it was not put quite in that way.

Mr. MACKENZIE KING: That was the intention of it.

Mr. BENNETT: I think what my right hon. friend said was hardly consistent with just that view, but I will accept at once his statement that that was what he intended to say.

Now, sir, there are some lessons we might learn from the last war. How many members realize that mines were laid by the Germans within a few miles of the coast of Nova Scotia? How many realize that some of our ships were destroyed by mines laid by the Germans off the coast of Nova Scotia? The Minister of National Defence will know it because of his access to his archives. But I suggest there are very few hon. members in the house who realize that off the coast of Nova Scotia the Germans were able to sow mines, after crossing the Atlantic ocean. I wonder how many realize that batteries planted, for instance, on Anticosti Island would completely command the St. Lawrence river? I wonder how many have realized that a dozen shells fired from ten miles at sea would make the habitation of great cities impossible, through the destruction of sanitary amenities? I wonder if it is realized that, in the language of the late Lord Asquith just before he died, science has been but lisping the alphabet of destruction?

To-day we know about the great progress that has been made in instruments of destruction. We know the effectiveness of bombs. The other day a high military officer said that the effects of one bomb would be felt for a distance of fifteen miles or more. When I read that statement I regarded it as almost incredible; I think yet there must be some error in connection with it. But, be that as it may, we know from the Ethiopian campaign the power of gas. We know for instance what bombs may do, from the recent campaigns in China and Spain. We know what submarines almost did to Great Britain. All you have to do is to read the life of Jellicoe and you will learn how nearly—how very nearly—that submarine campaign succeeded.

All these are matters we must think about very carefully. For while we may not participate in a war, let it always be remembered that the nation or nations opposed will participate against us. It is their participation I am concerned about. This parliament is not going to be able to prevent an enemy from throwing shot and shell, bombs and gas, if that enemy is at war with the British Empire. It was that point which the hon. member for Grey-Bruce (Miss Macphail) brought out the other day in this chamber in the clearest fashion I have ever heard it put. It was, sir, in essence, that because we are part of the British Empire we are subject to that risk and danger, and it is a question of balance. We must not delude ourselves. Beautiful phrases and platitudes will not save us. I wonder if anyone has forgotten the language of Chatham? No, that will not save us. We are confronted with a possibility as real as any possibility can be, and it is this, that if any part of the British empire is engaged in war, we are subject to the operations of the modern scientific devices and the forms man has created for destruction through harnessing those great inventions of the human mind for destructive purposes.

I am not thinking about our participation; that is for parliament to decide. But what I am thinking about is the participation of our enemy, and that is what we should be thinking about. Who planted the mines off the coast of Nova Scotia? Was it the parliament of Canada? Did the parliament of Canada have anything to say about it? Did the parliament of Canada raise its voice and say, "You cannot put your mines here?" No; the German high command placed their mines off the coast of Nova Scotia, and our shipping was destroyed. True, only a small quantity was destroyed, but the fact remains that the mines did have their effect. There is the record. Therefore I say when we speak of participation we can only ask ourselves this question: What shall we do in self-defence?

That is all it is, stripped of everything. It is not for this parliament to say whether or not we shall permit our shores to be invaded, our commerce to be destroyed, our ships to be blown to pieces, our population to be gassed or bombed. That is for the enemy.

But it is for us to say: Shall we defend ourselves? That is what we have to say,—and how shall we do it?

I wonder if my fellow members from Quebec realize how great an achievement was that of Sir George Etienne Cartier in the framing of the Militia Act? It is true he was defeated; but he left behind him a Militia Act which is practically the act of to-day. What does it provide? It does not provide for a foreign policy being made by parliament, for parliament never makes a foreign policy. His majesty's advisers make the foreign policy of the country and parliament approves or disapproves. Parliament says yea or nay. That is the old constitutional practice, a practice as old as the hills themselves. Ever since our institutions have developed to what they now are we have provided that his majesty's government, always with a majority in the commons, shall initiate and formulate policies—foreign policies. It is not given to me nor to any private member of this house to indicate the foreign policy of Canada. You can express your views, as I am expressing mine; you can offer your criticisms, as I am, but the declaration of external policy in this country must come from his majesty's advisers, the government, the crown in reality. You will find the matter much discussed in the speeches that took place in the time of Palmerston. It is the crown's policy. The crown no longer speaks as the sovereign; the crown speaks on the advice of the ministers of the crown, and the policy is the policy of the government of the day.

Let us see how that was exemplified in the Militia Act of long ago. Let us see how it still finds its place in the statutes of our country. The Militia Act is chapter 132 of the revised statutes of Canada, of which section 63 reads:

> The militia or any part thereof, or any officer or man thereof, may be called out for any military purpose other than drill or training, at such times and in such manner as is prescribed.

Then follow the sections which recognize that the foreign policy of the country is the policy of the crown as advised by the government of the day. Section 64 reads:

> The governor in council may place the militia, or any part thereof, on active service anywhere in Canada, and also beyond Canada, for the defence thereof, at any time when it appears advisable so to do by reason of emergency.

The true significance of this section is to be found in the words, "and also beyond Canada, for the defence thereof." I have endeavoured to make clear the point that participation in war was determined by our enemy and not by our parliament, and that the question to be considered was the question of the defence of our country. The government of the day is clothed with authority to defend this country. It may be that defence will be made, as it was, in the fields of France, or Flanders; it may be on the high seas; it may be somewhere in Africa; it matters not where it may be as long as the government of the day risks its life and stakes its fortune upon the policy of defence of Canada beyond her shores.

But it is not left to chance that parliament shall control. I accept the statement of the Prime Minister, although I do not think he made it quite clear, that at all times since the passing of the Militia Act this parliament has been in control. Section 66 of the Militia Act reads:

> Whenever the governor in council places the militia, or any part thereof, on active service, if parliament is then separated by such adjournment or prorogation as will not expire within ten days, a proclamation shall be issued for the meeting of parliament within fifteen days, and parliament shall accordingly meet and sit upon the day appointed by such proclamation, and shall continue to sit and act in like manner as if it had stood adjourned or prorogued to the same day.

It must be within the memory, Mr. Speaker, of some hon. gentlemen present this afternoon that that is just what took place in 1914. There is a provision in the Militia Act for a levée en masse, for the calling up of every able-bodied man under the age of forty-five years and over the age of eighteen, I think, for the defence of the country.

Mr. MACKENZIE (Vancouver): Eighteen years and upward, and under sixty years.

Mr. BENNETT: I thought it was under forty-five years?

Mr. MACKENZIE (Vancouver): Sixty years.

Mr. BENNETT: Thank you. That being so, let us recall what happened in 1914. At that time the government of the day took appropriate steps to offer to defend this country abroad and to raise a contingent for that purpose. Parliament had not assembled when Sir Robert Borden sent that cable. He thereupon called parliament to meet at once. Notwithstanding the fact that parliament may formally stand adjourned to a day far beyond the fifteen days, this section provides that it shall be called together within fifteen days. So parliament met and many of those who were present will never forget the unanimity with which parliament approved of the action taken by the government. For my own part

I can recall, as can many of the hon. members whom I see about me, Sir Wilfrid Laurier standing in his place and making his declaration of support of the action of the government of that time.

When you leave the field of military endeavour and go to that of naval operations you find the same provision. As I have endeavoured to explain, that statute was not the outcome of bitter partisanship, it was a real effort to provide that we should arrive at a common understanding, supported by all the peoples of the country. Of course, there is one step further. You get back to the root principle that you cannot escape the responsibilities of government whether you would or not. For the crown must take the action and the crown is advised by the government. The government places its life at stake in the House of Commons of the day. Just as on that occasion Sir Wilfrid Laurier supported the government, I doubt not that if the time should ever come again when it should be thought essential to take steps for the defence of Canada abroad, there would be such unanimity of opinion as to make it quite apparent that we had a common purpose and a common need to serve, namely, the maintenance of the integrity of our people and our country.

If I have been correct in what I have said, and I have endeavoured to put it as fairly as possible, it will be necessary to depart from the general plan followed by the Prime Minister and refer briefly to the present situation. It must be known to all that it was five years after the armistice was signed before the last treaty of peace was signed with an enemy. The treaty of peace with Turkey was signed in 1923, after five long years of uncertainty, unrest, discussion and negotiation. Then followed, during the twenties, what the Prime Minister has designated properly as an era of peace-loving activities on the part of the peoples of the world. Peace, peace—public opinion wanted peace. With peace you had the demand for disarmament, and the action taken by the League of Nations looking to that end. The covenant of the league provided for disarmament. I have always thought, and I still think, that a great mistake was made in not making it perfectly clear that while we were going to disarm Germany, we would also undertake to disarm ourselves. When I say "ourselves," I do not mean the British Empire; I mean ourselves, the rest of the world, the world in arms. It did not happen. And there gradually grew up, instead of that demand for peace, a sense on the part of Germany's sixty million people that they had not been fairly treated, until in the end Germany began to rearm.

Then Great Britain—let us not limit it to Great Britain—the British Empire, including Australia, New Zealand, Canada, South Africa, each of which was thinking not of arms or armaments, but of the creation of a public opinion, for peace, good will cooperation, expansion of trade and business, of the time when the war drums would throb no longer and the battle-flags would be furled, was confronted with this new condition. We saw gradually growing up in Germany and other countries that sense of injustice whose final outcome we see to-day. This great commonwealth of nations found itself unarmed and unprepared. It had kept its word, and it had created a public opinion such as the world had never seen before. I wonder if it is generally realized what was meant by that great ballot which took place in England, a year and a half or more ago, when public opinion demonstrated its desire for peace, a desire shared by all the countries of the commonwealth.

But to-day, sir, I say deliberately that the German will or mind is the will for war, not the will for peace. My observation as well as my reading lead me to that conclusion. Instead of the old theory that prosperity and peace go hand in hand, we see feverish activity in arsenal and factory, the creation of artillery and bombs and aircraft for the purposes of destruction, and appeals to that sentiment which since the dawn of history has been one of the most powerful to which an appeal can be made, the appeal of patriotism; of achievement by force of arms; the broadening of acres; the extension of the national territory. So to-day we find a situation which I shall not discuss, any more than to say that I entirely agree with the statement concerning it which has been made by the Prime Minister.

In this very country to-day there are emissaries of Germany—I say that on my responsibility as a member of this house—talking to minorities about their rights. A friend of mine in the legal profession was consulted on this matter by an old German; it is the younger ones, not the older men who are swayed and moved by such appeals. Look at what has developed in Czechoslovakia. A minority is demanding—what? Action on the part of its national homeland, military action if necessary, for the purpose of giving that minority what it desires. No language that can be used in this house would be too strong a statement of the difficulties of the situation in Europe.

I shall not deal with conditions in Spain. I have always looked upon the Spanish trouble as a civil war in which, unfortunately other nations have supported the warring factions. The committee of non-intervention have had indifferent success in their desperate efforts to achieve a certain measure of restriction of the warring operations. Ships have been sunk in the Mediterranean. Nationals of other nations have been killed. The situation has developed in such a fashion that some untoward or unseen act might be a spark which would cause an international explosion. I do not desire to say anything which might add to that difficulty.

I hold strong views, Mr. Speaker, personally, with respect to the Sino-Japanese situation. I listened with great attention to the language of the Prime Minister. I must say that I found it a little difficult to agree with him. Having read the letter written, when he was Secretary of State, by Mr. Stimson, after listening to his discussion of the nine-power agreement, remembering speeches made in this chamber expressing sincere belief in the Kellogg-Briand pact, the pact of Paris, with respect to resort to war as an instrument of national policy, and remembering that a Canadian sat at Geneva on a committee of the League of Nations which unanimously condemned the unprovoked and unwarranted attack upon China by Japan, I find it difficult to stand in this house and say that we can have anything like the state of mind which has been suggested. Is no value to be placed upon the plighted word of a nation? Are treaties to be scraps of paper? We went to war on that issue. Is the language employed in the Kellogg-Briand pact to be entirely forgotten? Are we to condone this nefarious conduct, reminding us of the barbarous days of the middle ages when nations treated agreements as merely scraps of paper? Can I forget the Washington treaty, the nine-power treaty? Have we forgotten how solemnly Japan promised she would protect the integrity of China? Can I as a Canadian forget that? Our government signed it on behalf of Canada. Can I disregard it? Can I treat with those people as I would with the power which they have struck down without notice?

China is invaded, destroyed, and I am asked to condone it, and to say, "We must be very careful, though it is true that we are co-signatories; though it is true that, according to a decision of the committee of the League of Nations on which Canada was represented, Japan has violated that treaty."

[Mr. Bennett.]

I honour the action of the Canadian who sat on that committee. I believe his finding was right. I believe that in Senator Dandurand, for instance, we have as skilled a man with respect to these matters as any man in this country. He has been dealing with the League of Nations all these years. And when I find his condemnation of that unprovoked and unwarranted action against China, I cannot place myself in a position where I am prepared to have the minister of the other nation stand in my country and say, "We are going to defeat these Chinese." "We are going to defeat them!" There was no declaration of war; there has not been one yet; and still they talk about "defeat" and "the end of the war." Sir, we either are a nation or we are not. We either respect ourselves or we do not. We have a sense of honour or we have not. For my own part, and speaking now for myself alone, I say I cannot bring myself to a state of mind other than a feeling of deep-rooted resentment against the violation of its plighted word by that great people, the Japanese, who have invaded China, sacked its cities, murdered its civilians, and now talk in Canada about the ultimate "defeat" of their "enemy" and victory for their cause.

I have not forgotten Manchuria. I have not forgotten the Lytton report and its findings. Has any hon. member forgotten it? Sir, it is there that the right hon. the Prime Minister and I part company.

Mr. MACKENZIE KING: May I say to my right hon. friend, I hope no word of mine can be construed as in any way condoning what Japan has done. The very opposite is the case. I agree entirely with him in his denunciation of the action that Japan has taken. I agree with everything that was done at Brussels, what was said by the leader of the senate; in fact, he took his instructions from the government here. No words of mine are capable of the interpretation that is being put upon them.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILL

SECOND READING

Bill No. 120, to incorporate The Workers Benevolent Society of Canada.—Mr. Thorson.

JAPANESE IMMIGRATION

APPLICATION OF PROVISIONS OF CHINESE IMMIGRATION ACT, REVISED STATUTES, 1927, CHAPTER 95

The house resumed from Tuesday, May 10, consideration of the motion of Mr. Neill for the second reading of Bill No. 11, respecting Japanese immigration.

Mr. A. W. NEILL (Comox-Alberni): I am closing the debate on the second reading. I understand I have twenty minutes to go, but I intend to take much less than that. I have gone over the matter already and I am not going over it again. I only want to introduce two new points. In the debate on the second reading of this bill in its earlier stages the right hon. leader of the opposition (Mr. Bennett) said he could not approve it unless it contained a provision that it would not come into effect until July, 1939. By referring to page 2740 of Hansard he will find that I then made a definite pledge to accept that amendment in committee. The other point I should like to introduce is a statement contained in a Canadian Press dispatch. Canadian Press news as regards international affairs are generally reliable, because they are checked up, and if they are not correct they are contradicted. This is from Geneva, May 13:

> . . . Chinese sources declared some powers, including Great Britain and France, had agreed to grant China credits for purchase of arms and also assurance of aid in getting the arms into the country. In a secret session the council arranged to go on public record as refusing material aid to China. . . .
>
> Doctor Wellington Koo, Chinese delegate, who had asked the council to help organize an international boycott of Japanese goods and to forbid league members to sell war materials to Tokyo, was said, however, to have won the war credits fight in behind-the-scenes negotiations.

That has not been contradicted. I might make this point, that if the British government grant a credit to buy arms, and give assurance that they will be delivered, they surely cannot be seriously embarrassed if Canada takes a step towards taking possession of her right to control immigration into her own country.

This bill comes before us after nearly four months of stormy passage and many vicissitudes. Another private member's bill introduced the next day passed all stages in two hours. I fear the vote to-night will be an adverse one, judging by what the Prime Minister (Mr. Mackenzie King) stated, unless, as I hope, he has been influenced by many representations that I know have been made to him from British Columbia and elsewhere. I made a serious attempt to meet his objection by the introduction of Bill No. 112. But that was thrown out by a strained interpretation of the rule which, if impartially administered, would have also killed nine other bills, six of them important government measures. However, the race is not always to the swift, nor the battle to the strong. The treatment accorded those two bills I find has created a wave, first of interest and then of sympathy, throughout Canada—not British Columbia alone—which no effort of mine could possibly have secured, except by the exercise of an eloquence which I do not possess and a strenuous campaign which I could not have undertaken. I am myself surprised at the telegrams and letters I have received expressing approval, promising support and asking me to address meetings and so on. The Canadian temper was rather sleepy at first, but was first stirred, then it murmured and then woke up with a roar to a consciousness that the rights of the people, the privilege of a free people to express their wrongs through their elected representatives, were in danger. The people of both east and west became interested; they realized that it was no longer a British Columbian question but one of interest to all of Canada. Many editorials on the subject were printed. The Sun, a leading paper in British Columbia, in a long editorial some weeks ago, used this language:

> . . . a grave doubt arises in our minds as to the democracy that exists at Ottawa. Do the men we elect to parliament represent us or do they not represent us? . . . Do they go down there as free men representing a free people or under the handicap of being able to say or do only what the Prime Minister permits them to say or do?

They ended by expressing the opinion that the attitude taken to the bill savoured more of tyranny than democracy. Then an eastern paper, after going very fully into the matter and supporting the stand I took, ended with these significant words:

> But the government had to throw over an old friend. Neill had to be sacrificed to appease the Japanese government.

Well, I want no loftier epitaph on my political tombstone than those words, "sacrificed to appease the Japanese government." Very often these forlorn hopes require a martyr, and perhaps I might start a movement which, when I am no longer here, will go on to success.

I do not want to detain the house. Therefore, with no sense of bitterness to the government or threats of reprisal, I only want to appeal for the bill on its merits. I have an appeal which I think should be made all across Canada. I appeal to the maritimes; we

demand their sympathy because they are a sister province; they too go down to the sea in ships and do business in great waters, and they know what an influx of a couple of thousand fishermen voting and acting with one mind would mean to their interests. I appeal to the province of Ontario, the home of industrial workers, getting more and more powerful in their unions; they know the effect of allowing a large influx of oriental labour with its low wages and low standards of living. They are beginning already to experience the effects of the competition of Japanese-made goods, sold in Toronto at prices for which the raw material could not be purchased there. I appeal to hon. members from Quebec, that home of Canadian chivalry, and I tell them they have no more loyal friends in Canada than the people of British Columbia, who will be beside them in any movement in support of minority rights, because we too are a minority and we feel that we too should get such treatment as our special conditions require, just as the people in Quebec ask the government that they shall be given such treatment as their traditions and history warrant. We ask their sympathy in that regard. As far as the prairies are concerned, it is a matter more of self-interest because, being nearer to British Columbia they visit backward and forward, and they are beginning to realize that what is our trouble to-day will be theirs to-morrow; they will be the next victim.

As regards British Columbia, I do not need to appeal to them, because they know. I voice the sentiments of British Columbia, I speak with the united voice of British Columbia to-night. It may be asked, by what right do I, an ordinary private member, claim such a right. I have no written authority from the people as a whole, other than those of my own district, but I do voice the sentiments of a man fully qualified to speak for the people of British Columbia, that is their premier. What is his record? He was elected by a large majority at a general election held some eight months ago. He presented his brief not long ago to the Rowell commission; I have a synopsis of it here, and the very first item on it was: Oriental immigration prohibited and orientals returned to their home countries. Since then he fought a by-election about a week ago, and that program was a prominent feature of the campaign. He won an opposition seat, and this program formed perhaps a not insignificant part in that victory. Therefore I quote him; only I am asking something much more moderate than he asks.

There is growing up in British Columbia a feeling that will not be allayed by promising them a commission of three members to investigate themselves. The time for that has gone by. I am going, if the right hon. gentleman will allow me, to plagiarize a sentence from the speech delivered by the leader of the opposition before six o'clock this afternoon. Speaking of post-war conditions in Germany he said: "There gradually grew up in Germany a feeling that they had been unfairly treated." That is the situation in British Columbia. There is no more fatal and bitter resentment than that caused by the gradual growth of a feeling that people have not been fairly treated. It is far more desperate and dangerous than a sudden flare up of resentment over a single overt act; there is no question about that. It may be that the Canadian historian of the future, when he comes to record the dismemberment of the nine provinces of Canada, will have to begin a paragraph or chapter with these words: "There gradually grew up in British Columbia the feeling that they had been unfairly dealt with." And that feeling is there. It is not confined to British Columbia alone; it exists for other reasons on the prairies as well, and it would be well if the government took steps to quench that flame before it reaches a point at which it cannot be quenched.

I am going to leave the issue to the house. Democracy, according to the dictionary, is a system of government under which the power rests in the hands of the people and is exercised directly or indirectly by them. In my own language it is the duty of the government to carry out the wishes of those governed. To support my views I quote the Bishop of Liverpool, who in a recent speech said:

> —it was a democratic principle of this country that if a sufficient number of people wanted a thing sufficiently and pressed for it, they would get it.

If not, as one man wrote me, it ceased to be democracy and became "demockery." I await the issue of the house on this bill with the anxious hope of an innocent man on trial for his life; but I tell the government that the people of British Columbia are determined to get some measure along the lines I have indicated. The issue is now up to the house and the government.

The house divided on the motion, which was negatived on the following division:

YEAS

Messrs:

Barber	Massey
Bennett	Mitchell
Black (Yukon)	Neill
Blackmore	O'Neill
Brooks	Pelletier
Casselman	Perley
Edwards	Reid
Elliott (Kindersley)	Ross (St. Paul's)
Esling	Rowe (Athabaska)
Ferguson	Rowe (Dufferin-Simcoe)
Graydon	Senn
Green	Spence
Hanson	Stevens
Hayhurst	Stewart
Hyndman	Stirling
Kennedy	Taylor (Nanaimo)
Lawson	Thompson
McGregor	Tustin
MacInnis	Ward
MacNeil	Wermenlinger
Macphail	Woodsworth—42.

NAYS

Messrs:

Beaubien	Lapointe (Quebec East)
Bertrand (Prescott)	Leclerc
Bertrand (Laurier)	Leduc
Black (Chateauguay-Huntingdon)	McAvity
Blair	McCann
Blanchette	McCulloch
Bonnier	Macdonald (Brantford City)
Bouchard	McDonald (Pontiac)
Brasset	McDonald (Souris)
Cameron	McKenzie (Lambton-Kent)
Cardin	Mackenzie (Vancouver Centre)
Chevrier	MacKinnon (Edmonton West)
Clark (York-Sunbury)	McKinnon (Kenora-Rainy River)
Cleaver	MacLean (Cape Breton North-Victoria)
Deslauriers	McLean (Melfort)
Dubois	MacLennan
Dubuc	McNiven (Regina City)
Duffus	McPhee
Dunning	MacRae
Dupuis	Mallette
Dussault	Martin
Farquhar	Michaud
Ferron	Motherwell
Finn	Mullins
Fournier (Maisonneuve-Rosemount)	Pottier
Furniss	Purdy
Gardiner	Rhéaume
Girouard	Rinfret
Golding	Ross (Moose Jaw)
Gosselin	Sanderson
Goulet	Taylor (Norfolk)
Gray	Telford
Hill	Thauvette
Howden	Thorson
Howe	Turgeon
Hurtubise	Weir—79.
Ilsley	
Isnor	
Jean	
King, Mackenzie	
Kinley	
Kirk	
Lalonde	

IMMIGRATION ACT

AMENDMENT OF PROVISION RESPECTING PROHIBITED CLASSES

Mr. A. W. NEILL (Comox-Alberni) moved the second reading of Bill No. 112, to amend the Immigration Act.

He said: Mr. Speaker, this is Bill No. 112, and it is really a revival of Bill No. 38. As I spoke fully on Bill No. 38, I shall not detain the house by talking for another forty minutes as the silly rules would allow me to do.

However, for a few moments, for the benefit of those who were not here on that occasion, I shall go over it briefly. The former discussion is to be found on Hansard at page 2735 and following. For many years in the Dominion of Canada we have had an immigration law which prohibits the entrance into Canada of people able to see but unable to read the English or French language, or any other language or dialect. That has been our established law for many years. I am amplifying that law to the further extent that the other language in addition to English or French must be one commonly spoken in some portion of Europe. Whatever may have been said against the previous bill does not arise in connection with this one. It is not aimed directly or indirectly against any one nation. It applies to 74 per cent of the world's population, and does not name any one nation. It merely applies the educational test, one which has been in effect in New Zealand and Australia for twenty years or more. This provides for about the same test, only in Australia it is somewhat more drastic. That is the only difference.

This is a way out which would meet the situation, be a stepping-stone to peace in British Columbia, and yet avoid any suggestion of international complications. The British Columbia government voiced their views before the Rowell commission and asked for something much more drastic. I might say that the word "exclusion" is not used, nor indeed is exclusion effected except by virtue of an educational test. It does not say that this or that nation shall be excluded; it provides merely that an educational test shall be applied. This test would apply equally to our own vast sister dominion of India; it would apply also to Australia, to New Zealand, to China, to South America, to the Malay peninsula and to those countries neighbouring thereon. There is no suggestion of an attempt to discriminate against Japan or any other nation, either directly or indirectly. The law is of general application and is

similar to that which has been enforced for thirty years in New Zealand and Australia. It is ridiculous to say that we shall offend anyone by exercising the provisions which have been applicable to orientals for many years so far as Australia and New Zealand are concerned. When the bill was up the other day I moved the second reading and there was no discussion as a point of order was taken. I shall say no more at this time, reserving my right to close the debate should any debate take place.

Hon. IAN MACKENZIE (Minister of National Defence): Mr. Speaker, I desire to say immediately that whatever merits the previous bill which we have just discussed may have had, and I believe it has many, this bill has nothing by way of merit. In the first place, it would bring about the very opposite to what the hon. member for Comox-Alberni (Mr. Neill) seeks to attain. The implied inference of this bill is to achieve a measure of exclusion by means of a language test. Any one who compares this bill with the legislation in force in Australia will realize immediately that there is a great difference between the two. The prohibition brought about by the legislation in Australia is well known to everyone here. This bill names the two languages which must be known, and it would be the simplest thing in the world for an oriental nation to train its intending migrants in the use of either one of the two languages mentioned here. Instead of having only 130 immigrants a year from the nation not named but designed to be named, we might have thousands and thousands coming into British Columbia under the provisions of the bill now before the house for consideration.

I was prevented from speaking on the previous bill because a point of order was raised the other night, but I desire to say now that after twenty years in public life in British Columbia I yield to no one in my realization of the gravity of this oriental problem. I desire to say further that this problem cannot be solved by the present measure of exclusion. It is a deep economic problem affecting the life and welfare of the people of British Columbia. I may say that I am charged with certain responsibilities as a minister of the crown, particularly with reference to the province of British Columbia, and there are certain aspects of the work of my department which at the moment I do not care to emphasize. It was with a full consciousness of those responsibilities that I took the somewhat difficult step of opposing the measure introduced by the hon. member for Comox-Alberni. Considering the problems that face us at the present time in this dominion, I am convinced that I have done the best thing for British Columbia and for the Dominion of Canada.

I shall go even further than that. We heard a most glowing and eloquent appeal this afternoon by the right hon. leader of the opposition (Mr. Bennett) in connection with the responsibilities that must be ours as Canadians for the preservation of the interests of the British Empire. He quoted with emphasis some of the words of the declaration of 1926 with reference to the evolution of responsibility in connection with that famous declaration known as the Balfour formula, the reference to free association within the British Empire. My right hon. friend might have gone further and read the preamble to the constitution of the Dominion of Canada. The preamble of the British North America Act contains these words:

> And whereas such a union would conduce to the welfare of the provinces and promote the interests of the British Empire.

We have two great duties to perform to-day in Canada. First, we must preserve the welfare of the union of confederation, the British North America Act itself. Then we have another duty, and in this I agree largely with what my right hon. friend has said, to preserve and maintain the interests of the British Empire. After twenty years of public life, I feel confident that the people of British Columbia know my feelings with reference to this matter. I feel confident I have taken the right position with reference to my province, with reference to my country and with reference to the interests of the British Empire. I feel I have taken the right stand in connection with this important but delicate, difficult and complex situation.

At the same time I desire to make this further observation. No government of the Dominion of Canada can afford to ignore this problem. If this problem cannot be solved by the means offered by the hon. member at the present time, it must be solved by other methods by whatever government is charged with the responsibility of the administration of the affairs of this country. I agree with my hon. friend in what he desires to achieve, but I believe that conditions are too grave and too serious at the present time to achieve the objective he has at heart by the method he has offered. From the point of view of British Columbia in particular this bill would make our position many times worse than it is to-day. This is a long range economic problem, and I hope that those of us who represent British Columbia in this house, regardless of our political persuasions or associations, will

be as one in a desire to arrive at a real remedy that will be in the best interests of British Columbia, of the Dominion of Canada and of the British Empire.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, a few minutes ago I voted in favour of a bill to exclude, but I shall have to vote against this bill. Perhaps it is only fair to give my viewpoint and reason for taking an action that may seem to be not quite consistent. In the first place, I do not think the hon. member for Comox-Alberni (Mr. Neill) has been quite candid in presenting his bill. He says that there has been no attempt to discriminate against any one nation. We all know that the Chinese are excluded; we all know that there is an arrangement under which the people from India do not reach Canada; we all know that in practice the only people from the orient who are coming in are the Japanese. I believe if I had the hon. member for Comox-Alberni by himself he would admit quite frankly that this is an attempt to exclude the entry of Japanese.

Mr. NEILL: That would be incidental.

Mr. WOODSWORTH: Yes. I shall leave the hon. member to put that in his own way Perhaps I could use the phrase used a good deal by my legal friends and say that this bill comes close to being colourable legislation. It is an attempt to achieve something which could not be accomplished by more direct action. I do not like the idea of rigid exclusion, but knowing British Columbia as I do, and as I have known it for some years, I realize that a feeling exists there at the present time that makes it unwise to allow any more Japanese to enter that province. We have to be realists in this matter; we have to recognize that there are a considerable number of Japanese already in the province who have not been assimilated. Under these conditions I do not think it would be in the public interests to admit more orientals to British Columbia.

I believe, and I have long urged, that those who are there should be admitted to the full rights of citizenship. I do not think we ought to allow people to come to this country, and become naturalized here, and have children born here and then deny them and their children the full rights of citizenship. As we in this corner have said again and again, we do not think there should be a law by which those people should be placed in an inferior position. But that is a different matter from allowing any large number of orientals, or any number, I think, at the present time, to come to Canada.

I agree with the Minister of National Defence (Mr. Mackenzie) that this bill would not in effect accomplish the purpose for which it is designed. Several years ago I spent some time visiting Japan, and in the larger cities I did not find any great difficulty in getting around by myself because such a large number of the people spoke English. If I recollect aright, English was a second language in the high schools, at least it was very commonly taught in the schools. As the minister suggested, it would be comparatively easy to train people in a knowledge of the English language; in fact, I do not think they would need to be trained, and hence there might be a much larger influx than under the present arrangement.

It seems to me that we have in this bill a great many undesirable features. If there is likely to be any criticism from Japan of our actions that might be dangerous in these critical times, undoubtedly the same criticism would apply to this type of legislation.

Under these circumstances I personally feel that I shall have to vote against this measure.

Mr. NEILL: Will the hon. member allow me a question? Does he not realize that the bill would not take the place of a quota agreement; it would be extra?

Mr. WOODSWORTH: I do not know whether I quite catch the import of the hon. member's question.

Mr. J. S. TAYLOR (Nanaimo): I feel that before this bill goes to a vote I should say a few words. On a former occasion I took the very definite stand that no people should be allowed in Canada as citizens of this country who were not assimilable; and I cannot find in ethnological history any definite instance of Asiatics being fused with Europeans. I think that should be very carefully borne in mind, because the two continents are juxtaposed; and if the peoples, in thousands of years of association with each other have not produced a definite fusion, how can we expect orientals to fuse with our own European peoples? On these larger issues I very definitely pronounce myself opposed to the idea of introducing into Canada Asiatics to become citizens with ourselves. But if Japan, China or any other country having nationals in this country will forsake them, and if they will be prepared to qualify for citizenship in our country and be prepared to be assimilated into the citizenship of Canada, then I have nothing to say against them. But on principle I shall vote against this bill.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker,—

Mr. SPEAKER: I draw the attention of the hon. member to the fact that if he speaks now he closes the debate.

Mr. NEILL: I shall take only a few minutes.

The argument put forward by the Minister of National Defence (Mr. Mackenzie) is undoubtedly founded upon a misconception of the situation. That is astonishing to me, he being a lawyer. The Immigration Act, chapter 93 of the revised statutes, contains a list of prohibited people; some are lunatics, some persons of other descriptions, professional beggars and so on; and then it says that people who cannot read are excluded The gentleman's agreement existing with Japan to-day would still exist, under which it is supposed that not more than 150 come in. This does not take the place of the gentleman's agreement; it would be on top of it, and it would say that of those 150 allowed to come in under the gentleman's agreement, so many must be cut out because they cannot read. It is ridiculous and unfair and most unwarranted to suggest that this would allow the influx of a huge mass of orientals—not to mention that you cannot train orientals in the English language in six months, and in six months' time or perhaps a little longer there will be a general election, and British Columbia will have pronounced itself with such force and energy that the succeeding government will hurry to bring in legislation such as was turned down a few minutes ago. And whose blame is it? The minister himself says he preferred Bill No. 11. He very nearly voted for it. I could see his conscience working on him; but some more subtle influence overcame his natural goodness of heart and intelligence, so he says he preferred the other one, and he very nearly voted for it. Now, however, he says I am "all wet" in introducing this second one; but whose blame is it? If Bill No. 11 had gone through, this one would not have taken its place. I quite admit that. I preferred Bill No. 11 to this present one.

As regards the suggestion made by the hon. member for Winnipeg North Centre (Mr. Woodsworth), he said he had an objection, and one which many honourable men do have; I believe it is expressed in a principle of law that you cannot do a thing indirectly which you cannot do directly.

Mr. LAPOINTE (Quebec East): Hear, hear.

Mr. NEILL: My hon. friend, the Minister of Justice (Mr. Lapointe) says, "Hear hear."

Mr. LAPOINTE: (Quebec East): Is there anything wrong in that?

[Mr. Neill.]

Mr. NEILL: We are informed that that is a fundamental basis of law.

Mr. LAPOINTE (Quebec East): Yes.

Mr. NEILL: And yet our statute books are full of evasive legislation whereby we do something indirectly which we cannot do directly. Look at our tariff laws. How many of these tariff items are worded with the idea, as the phrase goes, of "trying to whip the devil around the stump,"—get at the object to be attained without interfering with some other rights such as favoured nation rights? Our tariff is full of things like that. Or take the exclusion of our own nationals from India, to some extent people of our own race, because one or more of the nations of India can be called Aryan in their origin, and ethnologically they are white people, yet we exclude them. How do we do it? We exclude them by an obvious trick—that is just the word to use—which the Minister of Justice says cannot be done because it is doing indirectly what we cannot do directly.

We cannot pass a law preventing our own fellow subjects from coming into Canada, so how do we keep them out? I do not want this to be used against us in the years to come because we had a satisfactory arrangement; that is, it has given satisfaction. We made objections to their coming, and we passed a law that they would have to come in a ship directly from the country of origin. We had not the courage or we had not the legislative authority and jurisdiction to say flatly, "We will not let natives of India, a part of the British Empire, come into another part of the empire," so we introduced this ridiculous theory that they had to come in a boat directly from the country of origin. Can you, Mr. Speaker, conceive of any condition which would make a man a more desirable immigrant to Canada if he came in a boat which started at Bombay and docked at Vancouver than if he went from Bombay to Hongkong and then took the regular line of steamers from there to this country?

But we went further than that. Shortly before the great war broke out, a boat full of natives of India, appeared in Vancouver harbour. I forget their particular nationality, whether they were Hindus or Sikhs; I think they were Sikhs. There was a large number of them; they had come direct from the country of origin in a boat; and it was more than hinted, it was currently believed, that they had been financed by the German empire with a view to promoting discontent in India and in Canada, because it was not desired to admit a couple of thousand of these immigrants, and if they were sent back they would be a fruitful source of discontent and

dissatisfaction in India. I forget the exact method we adopted in order to stop them, but I remember that fire hose figured considerably. After a good deal of discussion the boat did go back to India, and no doubt the purpose intended by the people who instigated the affair was served, that is to say, of causing a great deal of discontent in the Indian population.

That evil was foreseen as was also a recurrence of it, and we wondered what we could do about it. We again used that subtle, indirect method which the Minister of Justice says we must not use—we made an addition. We said that not only must the native of India come in a boat directly from the country of origin but he must also obtain a ticket direct from the country of origin to Vancouver. I do not know how we managed it, but I assume it was by arrangement with the consular agents. At any rate, we saw to it he could not get a ticket right through. If that is not an indirect way of doing something which we cannot do directly, I do not know what is. And that is with our own nationals in our own country. But there are a great number of other instances that could be given.

I go back to the suggestion emphasized by the Minister of National Defence, that they would be entering in hordes. May I point out that you cannot teach a horde of orientals English in a short time. It is true that in Australia it was provided that they might use some language—

Mr. MACKENZIE (Vancouver): Specified.

Mr. NEILL: —some language specified by the government. The government took care to specify some language which the man seeking entry into Australia could not read or write, and if they found that he could write one language they tried him with another. As I told the house on a previous occasion, some inspired Scot tried an unhappy Chinaman with Gaelic. The Chinaman took the matter to the courts, and it was decided in the higher courts of Australia that the Gaelic language was not a language of Europe. And then the trouble broke out. The wigs were on the green; kilts were donned; the pipes were played; the claymores were in evidence, and there was very nearly a revolution. The government hastily got the cabinet together, capitulated, and agreed that at the next session of the legislature they would bring in legislation to do away with the provision for specifying a language of Europe and would simply provide that any language might be specified. The result is that now Gaelic may be specified as a test. In New Zealand there was not a similar incident, so that the provision there still is that a language of Europe may be specified. An attempt was made by a Japanese in Australia to establish the claim that he could specify the language and that also was taken to the higher courts, but it was decided that the government alone had the power of specifying. I do not know whether that was not taken to the privy council. Then a rule was passed that until there was legislation which defined the language, the immigration officer in question had the right to do the specifying.

If there is anything at all about this bill which the Minister of National Defence does not like, all he had to do was simply express his desire in the committee and we would have amended it. It would have been easy to put in words similar to those used in Australia if he so desired. He says that he will not be satisfied, that British Columbia will not be satisfied, until this matter is settled on a right basis. I agree with him. Then, why not let us do something about it? Why should we simply talk about it? The other day we had an illustration in British Columbia of what happens when there is too much talk; there was too much talk about the labour situation and it resulted in an unfortunate occurrence.

I am not at all pessimistic, but the feeling in British Columbia in this matter is becoming intense. There are two things more than anything else for which a man will fight; that is, the protection of his wife and family and his home; and if he thinks that his wife and family and his home are in peril, and he believes that a government three thousand miles away is indifferent or is not showing that concern for his welfare that it should, while a menace is threatening him across the ocean, he is more than likely to take steps to protect himself. That would be very lamentable in this case, something that might lead to riots and to far more international trouble than anyone might anticipate from Bill No. 11. Of course, it is too late to go back and revise our opinion about that, but even now the government could bring in a measure sufficiently different from my bill to conform to the rules of the house.

I do plead with the government to do something. I am not going to quarrel with them about the nature of it, the means they take, so long as they do something to meet the situation. Simply sending a delegation of three people to British Columbia to investigate the activities of officials will not placate the people of that province. As the minister knows, they are not in their childhood; they are not lacking in intelligence, and they will resent any suggestion that they can be pla-

cated as children can be by being given a toy as a means of getting them to think of something else.

British Columbia wants legislation to exclude Japanese. Vancouver is the third biggest city in Canada; probably one-quarter of the population of British Columbia is centred there. Well, did we not find the city council, composed of all varieties of political opinion, passing unanimously a strong and vigorous resolution, containing half a dozen whereases and concluding with the declaration, "We want the total exclusion of orientals from British Columbia?" That is what the city of Vancouver wants, and no eloquence from the Minister of National Defence, who is far more able than I am to smooth over these difficulties and troubles, will alter that bedrock fact.

SUPPLY

FOREIGN POLICY—STATEMENT OF MR. MACKENZIE KING ON MOTION OF MINISTER OF FINANCE

The house resumed consideration of the motion of Mr. Dunning for committee of supply.

Right Hon. R. B. BENNETT (Leader of the Opposition): At six o'clock I was referring to the Lytton report as indicating the reason why I found it so difficult to follow certain aspects of the attitude of the government with respect to the present situation in China and Japan. It will be recalled that that report was made to the League of Nations and that after very careful investigation by a well qualified committee it was found that the action taken in Manchukuo by Japan was wholly unwarranted and was unprovoked. The effect was that in the end Japan left the League of Nations. Therefore we still continue to be a member of the League of Nations. Our signature still remains upon the Kellogg-Briand pact. Our signature still remains upon the Washington nine-power treaty, and we adopted the Lytton report, whereupon, as I say, Japan withdraws. And that country, which has dishonoured its obligation and its signature in the manner I have indicated, is bold enough to send to this country an emissary who a few days after he arrives makes a statement which is a far more offensive observation than that made by Sackville-West which resulted in his recall from Washington. I mention that because frankly I cannot understand it.

Mr. MACKENZIE KING: Perhaps my right hon. friend will allow me to say a word?

[Mr. Neill.]

Mr. BENNETT: Certainly.

Mr. MACKENZIE KING: When my right hon. friend was speaking earlier in the evening, and took exception to the government's attitude, I was not aware whether he was referring to what I said in speaking on external affairs, or whether it was to what I had said in reply to the hon. member for Winnipeg North Centre (Mr. Woodsworth) this afternoon. I gather it is what I said in reply to the hon. member for Winnipeg North Centre.

Mr. BENNETT: It was not so much a question of reply, as the language itself.

Mr. MACKENZIE KING: Well, what I want to make clear at the moment, and to have the house understand, is that my right hon. friend is not taking exception to what, in speaking on external affairs, I said in relation to the Sino-Japanese war, but rather to the remark I made or something I failed to say in reply to the hon. member for Winnipeg North Centre on the orders of the day. May I say at once that when the hon. member asked the question he did of me I had not seen, nor had my attention been drawn to the statement made by the Japanese minister. That was why I asked my hon. friend what statement it was he alluded to. He said he was referring to the Japanese minister having said he agreed with the statement I had made in this house, a statement of policy. I am prepared to stand by any statement of policy I have made in this house as to the attitude we should assume towards other countries.

Mr. WOODSWORTH: My criticism was not with regard to the Prime Minister's statement of policy, but rather that the Japanese minister had commented on what had been said in a debate in this house.

Mr. MACKENZIE KING: I was trying to find the particular point to which reference was made. However, I have since obtained the reported statement of the minister from Japan. It appears in the press as follows:

Baron Tomii, who is accompanied by his wife and eight year old daughter, expressed appreciation of a recent utterance of Prime Minister Mackenzie King with regard to the Sino-Japanese conflict.

"I don't remember the exact words, but they were to the effect that Canadian people should be very careful in making remarks concerning the hostilities now going on in China," said the Baron. "I do realize how difficult it would be for people living thousands of miles away to understand fully the situation that exists in the far east."

In the first place I think hon. members will agree that while I have made a statement as to the attitude which should be assumed generally towards critical situations in other countries, I have, as far as I can recollect, made no statement referring particularly to the hostilities now going on in China, as suggested in the words attributed to the Japanese minister. My statements from time to time have been that in dealing with critical situations that exist in other parts of the world we in Canada, which is a neutral country, should be particularly careful in our discussions in this house, or over the radio or in the press or elsewhere, to be guarded in our utterances and not say things which may unnecessarily embarrass those who have to deal with these situations. That is the kind of statement I have made, and I think it is what the minister from Japan must have had in mind, because I see in another paper, the Ottawa Citizen of yesterday, the minister is quoted as follows:

When asked about the situation in China, the minister quoted Prime Minister Mackenzie King's remark made recently in the House of Commons that it was misleading and caused "a suspicion of our neutrality" for Canadians to comment on the foreign policies of other nations.

Evidently the same thought was in the mind of the minister when speaking in the one case at Niagara Falls and in the other at Ottawa. What doubtless the minister had in mind has been some statement that in relation to these two countries which are at war we are neutral; Canada is not at war with Japan; Canada is not at war with China; and our position of neutrality should be respected.

I want to say at once that I think the Japanese minister, if, as reported, he went beyond that statement and began to speak of the hostilities as between China and Japan, and indicated what he thought would be the outcome of the war, and referred to China in the course of his remarks, was forgetting the very attitude and policy which I had suggested here should be followed.

Mr. BENNETT: And which he himself had taken.

Mr. MACKENZIE KING: Yes, quite so, which he himself had taken. In that I think he was entirely wrong; I do not for a moment hesitate to say that. Perhaps I might add that an almost humorous aspect is given to what is perhaps a very serious matter, by the fact that when the new Chinese consul arrived in the city some little time ago he made some remarks at a luncheon reflecting pretty strongly on his country's enemy, and it was thought at the time that those remarks should not have been made.

Mr. BENNETT: He was only a consul.

Mr. MACKENZIE KING: Yes. I think, however, that they have now had a sufficient round of controversy in our country, and I hope no further reference will be made by any foreign representative in this country reflecting upon other lands with respect to which we are trying to preserve as impartial an attitude as possible.

Mr. BENNETT: I am sure every hon. member will be pleased to think that the interruption of my remarks has afforded an opportunity for the Prime Minister (Mr. Mackenzie King) to make the observations he has made. I found it a little difficult to accommodate my mind to the thought that we in this country were to listen to a statement of the war aims of a country which had signed with us a document at Washington agreeing that it would protect the integrity of the country with which it is now waging war. That is my trouble; and I deny the right of any man, whose nation has signed a document guaranteeing with the Dominion of Canada the integrity of China, to come here and talk about the defeat of China in a war which was not declared and for which there is no justification. That is the reason I made the statement I did. The Prime Minister is right when he assumes that I was not criticizing him for not having complained of the action of the minister from Japan in pointing out that he agreed with the Prime Minister, although frankly I would not feel at all complimented by having one who represents a country which has violated every international obligation it has entered into saying how much he appreciated my attitude of mind towards anything. I desire to make that observation as strong as it is possible for me to make it. I am not one of those who believe that you serve any useful purpose by forgetting your own dignity and the honour of your own country in order to placate any power, however powerful it may be. As I was sitting here I could not but recall the words of a great Englishman who was attacked in Germany by von Bulow. He said, "I am answerable to my sovereign, and not to the citizens of a foreign country." I feel perfectly certain that in our desire to maintain neutrality the Canadian people have no desire, in the interest of trade expansion or otherwise, to sacrifice their sense of national honour and of the decencies of international relations.

There is only one more thing I desire to point out, and it is that when dealing with a certain phase of the situation, in my judgment—and I express it only as my judgment—the Prime Minister entirely overlooked the fact that we have bound ourselves, in a manner that was acceptable to all governments, to successive parliaments and to the Canadian people, to a free association with the other elements of the British Commonwealth of Nations. I cannot but think that this was not answered by the language of the Prime Minister when he said, "Canada is Canada; South Africa is South Africa; Australia is Australia, and we have no interest in United Kingdom policies."

Mr. MACKENZIE KING: I never said we had no interest in United Kingdom policies. We have interest in the policies of all countries.

Mr. BENNETT: Then I shall put it in this way, that while the Prime Minister says we have an interest in the policies of all countries, he made it clear that we had no special interest in the policies of the United Kingdom—

Mr. MACKENZIE KING: Not at all.

Mr. BENNETT: —or of the other component parts of the commonwealth of nations, and he developed the idea—

Mr. MACKENZIE KING: May I rise to a point of order?

Mr. BENNETT: Surely.

Mr. MACKENZIE KING: The right hon. leader of the opposition cannot misinterpret what I said and expect me to remain silent.

Mr. BENNETT: I would not expect it and would not want it.

Mr. MACKENZIE KING: I have made no statement of a character that would permit such an inference to be drawn. I have given the house every reason to understand that we have very special cause and every desire to cooperate with all parts of the British Empire and to be interested particularly in matters that pertain to any part of the empire.

Mr. BENNETT: Well, I was dealing only with the speech I listened to, not with the observations just made.

Mr. MACKENZIE KING: Hansard will show it.

Mr. BENNETT: Hansard will abundantly clarify any difficulty there may be on that point, for the speech was prepared and typewritten; therefore it cannot be subject to any difficulties of expression. What was said, as I took it down, was: Canada is Canada; South Africa is South Africa; Australia is Australia; the United Kingdom is the United Kingdom, and that with respect to the policies of the United Kingdom it was not for us to make representations or in any sense to interfere in their expressions of policy.

Mr. MACKENZIE KING: May I say to my right hon. friend that he entirely missed the point that was being made. I was at the time taking exception to the dominions being lumped together as one and to their policies being regarded as essentially one, to be described in that way. I did not even refer to the United Kingdom. I was pointing out that each dominion of the empire has matters of immediate concern to itself.

Mr. BENNETT: It is so unfortunate that it was not so stated in the speech. I think the Prime Minister should be very grateful to me for having, by not being able to follow him, afforded him an opportunity thus to clarify something that might be regarded as a little, shall we say, cloudy in expression.

If anything was clear during the progress of the observations made this afternoon by the Prime Minister, it was that it was for the people of the United Kingdom, of Australia, of South Africa and so on to determine their own policies, and that Canada was Canada, Australia was Australia, and so on and so on. I only desire to make clear that for good or ill this country saw fit in 1926 and 1930 to declare for free association between the component parts of the commonwealth of nations known as the British Empire. In order that there might be no misapprehension about that, I thought I would look up the Statute of Westminster itself during the recess. I find that the statute, which is chapter 4 of the statutes of 1931, contains this preamble:

> Whereas the delegates of His Majesty's governments in the United Kingdom, the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa, the Irish Free State and Newfoundland, at imperial conferences held at Westminster in the years of Our Lord one thousand nine hundred and twenty-six and one thousand nine hundred and thirty, did make certain declarations and resolutions, which are set forth in the reports of the said conferences. . . .
>
> And whereas it is meet and proper to set out by way of preamble to this act, that inasmuch as the crown is the symbol of the free association of the members of the British Commonwealth of Nations, and as they are united by a common allegiance to the crown, it would be in accord with the established constitutional position of all the members of the commonwealth in relation to one another that any alteration in the law touching the succession to the throne or the royal style and

titles shall hereafter require the assent as well of the parliaments of all the dominions as of the parliament of the United Kingdom.

The words there to which I direct attention are, first, "the crown is the symbol of the free association of the members of the British commonwealth" and, second, "they are united by a common allegiance to the crown." Compared with the language used in the declaration of 1926 we have only a reversal in words; that is, the allegiance to the crown is first and the free association is second.

All the nations that comprise the commonwealth, Canada, Australia and the others, agreed to the preamble to that statute. It is true that the present Prime Minister was the head of the Canadian delegation at the time of the declaration of 1926. It is true that another government was responsible for the acceptance of the preamble in the Statute of Westminster in 1931, following the conference of 1930. But I point out that running through the whole, from the beginning of the conference of 1926 which had to deal with these matters because of the conditions in South Africa, is the commitment to a free association between the members of that commonwealth. I always like to refer to it in terms of a family. It may well be that many hon. members do not quite accept that view, but I have always thought that we might refer to this commonwealth of nations composing the British Empire as a family. Some might say it is more a partnership than a family, but I like to think that the members of the family are of varying ages and that they represent different forms of development of our common civilization.

The oldest member of the partnership, or the head of the family if you will, is Great Britain. We are the senior dominion, the other dominions being junior to us, and this family is scattered throughout the world. The partnership extends over the world, and freedom of association upon which the declaration is predicated is a freedom that, in my judgment, contemplates consultation. It contemplates solidarity; it contemplates unity of purpose and harmony, and it contemplates unity of action. That is how I have thought of this family, this partnership of ours in which we share with the oldest member of the partnership certain obligations and responsibilities; in which the oldest member, by reason of her great age and her long series of accomplishments, is looked to by us, as the minister speaking for the government said the other day, for support on the Atlantic; just as General Smuts down in South Africa said, we have told the other members of this commonwealth that we can care for our part, South Africa, on land, and we rely upon the other member of the family or partnership, namely Great Britain, to supply the navy. That is what we are doing here. But this, in my judgment, involves consultation. It involves not criticism after the event. It involves in every question that affects the well-being of the Dominion of Canada as a world entity consultation with those other entities which comprise the British Empire or the British Commonwealth of Nations.

That consultation at times is difficult; it is not as easy as some people suggest, and I am not for a moment minimizing the difficulty. But in these modern days of wireless telegraphy, in these days of the telephone, it is not very difficult to maintain communication between every member of this family, between every member of this partnership. I recall that at the imperial conference in London the Prime Minister of Australia was frequently in communication by telephone with his government. I recall that I was able to speak from Cape Town to Ottawa, without difficulty. I know how frequently we are in communication with Great Britain by telephone and by other means as well—because government communications on the wireless have priority.

These consultations should be held and should be maintained, as I say, antecedently to action being taken, so that the free association, referred to in the extract of the letter of Sir Austen Chamberlain which I read this afternoon, which indicates responsibilities and duties, should not be lost. That is what I meant when I said that the foreign policy of Canada has been determined by the unanimous action of governments—in 1926, in 1930 and by the Statute of Westminster in 1931. But how that policy shall be carried into effect is a matter with which successive governments must deal. I think it is so abundantly clear as not to require discussion—the mere statement is sufficient—that the foreign policy of the government is not made by parliament antecedently to being a policy. I wonder if my right hon. friend the Minister of Justice (Mr. Lapointe) does not at once realize that the foreign policy of this country has been made by the governor in council and approved by this parliament during the last eighteen months?

Mr. LAPOINTE (Quebec East): I do not know, but I should like my right hon. friend to illustrate what he has just stated, namely that the foreign policy of Canada was deter-

mined in 1926, meaning that from 1926, on, we have had to abide by the foreign policy which is framed in Great Britain.

Mr. BENNETT: Oh, no, not at all.

Mr. LAPOINTE (Quebec East): Then what does my right hon. friend mean?

Mr. BENNETT: I am sure the right hon. the Minister of Justice is far too astute to assume that I would even suggest anything of that sort. I have already indicated to him that Great Britain is not making our foreign policy. I have indicated to him that we are not making Great Britain's foreign policy. But I have endeavoured to point out that in 1926 we undertook to be freely associated with one another, and that free association means just what it says—consultation, understanding and cooperation. That is what it means. I am not going to redevelop that point, but I would point out that we have a declaration of what we received, and the conditions under which we accepted it, namely that we are united in our allegiance to the crown and freely associated together as members of this commonwealth of nations, which sometimes I have referred to as our family.

The method of giving effect to a foreign or external policy is one which varies with the government which gives effect to it.

Mr. LAPOINTE (Quebec East): The foreign policy itself is a method. The foreign policy of the country is the aggregation of the measures and methods by which that country is dealing with another country.

Mr. BENNETT: Yes. I think perhaps my right hon. friend misunderstood me. For instance, we are the Dominion of Canada; we have imposed upon us the obligation to maintain its status and its integrity. The methods to be devised to accomplish that end vary with governments. Some practise one method and others practise another.

Mr. LAPOINTE (Quebec East): That is different from a foreign policy.

Mr. BENNETT: No.

Mr. LAPOINTE (Quebec East): Oh, yes.

Mr. BENNETT: It just falls within the ambit of my statement, namely that we in 1926 and 1930 made a broad and comprehensive declaration. That declaration involves (1) common allegiance to the crown and (2) freedom of association of the members of that commonwealth. That is the broad declaration. How Canada may desire to effect that purpose is a question that we shall describe as the foreign policy of the government. But the foreign policy of the government can never be antecedently declared, and no one has learned that better than the Prime Minister with his wide experience; for he established this afternoon that the government had passed orders in council dealing with questions of foreign enlistment, with questions connected with neutrality, and with questions of exports.

All these are matters on which the executive, the advisers of the crown, take action. These policies are the policies of the crown. His majesty's government in Canada assumes the responsibility for making the proper recommendations, and the orders in council that are passed are the visible evidence of that policy. Then it is for parliament to declare whether or not that policy meets with its approval. The Prime Minister knows that not only have those policies to which I have referred met with the approval of a majority in this house, but in the main they have been commended unanimously, because they represent the considered opinion of both the larger parties, and many members of the other parties in the house.

For instance, no one has heard a complaint from any hon. member with respect to the order in council concerning foreign enlistment passed by this administration. Then, with respect to the type of goods which might be exported we know there have been some comments and some criticisms on details—concerning nickel, lead and copper, with which the Prime Minister dealt this afternoon—but on the principle involved there has been general unanimity. Questions of licences, questions of authority, questions of limitations and of prohibitions—all these are questions to which the executive—and, mark you, the executive are the advisers of the crown—have given effect by order in council. And they have risked the approval of this house by their action. They have never had reason to contemplate any possible difficulty on the score, because they have always secured it.

That is what I mean when I endeavour to make it clear that foreign policy cannot be anticipated. It is quite clear the Prime Minister was right this afternoon when he said that you cannot declare the details of your foreign policy in anticipation. I have heard some suggest that it could be done, but obviously that is impossible. Why? Because from day to day events occur which necessitate the cabinet meeting together and discussing and considering just what action shall be taken, whether or not this or that shall be done, or whether some other action should be taken. All these are questions which the executive, the advisers of the

crown, must consider. And they finally conclude to give their advice. That advice is not the advice of one man; it is the advice of the government as one government, the government as a whole, the advisers as one of the crown. Upon that you have your indication of policy. I submit there can be no successful denial of that fact. Every day this government has been formulating its foreign policies. It has been formulating its policies external to Canada and within the British Empire by orders in council, by the advice tendered and reduced into form by those orders in council. This parliament, if it had so desired, could have taken action to indicate its disapproval of the action thus taken. It seems to me that is the basis of the whole of our position.

It is quite obvious, without tiresomely reiterating and restating it, that with respect to most nations of the world this country cannot develop a foreign policy until we are in position to be recognized as a power, about which I shall speak again when the estimates of the Department of National Defence are under consideration. All the nations of the world, even those with populations half that of ours, even those with populations one-third that of ours, have found it esential to provide themselves with those means which are necessary for self-defence. That is the reason why you find them able to speak through their consular agents at various places, whereas we have none. We have our trade commissioners, but we have no consular agents. We rely upon the assistance given by other members of the British commonwealth to help and sometimes even to guide us in our new ventures or endeavours. It seems to me that is all that need be said so far as those factors are concerned.

I should like to summarize my own appreciation of the situation, and I think I can do this by stating a few propositions. First, it is the duty of government from time to time, in the light of facts as ascertained, to determine its policy and to submit that policy to the judgment of the House of Commons, within which at all times it must be able to command a majority. Second, with respect to matters affecting our external relations with foreign powers, as well as with other members of the commonwealth of nations, I submit that we have committed ourselves, and properly so, to consultation and cooperation. From free association there arises the duty and responsibility of consultation, cooperation and maintaining at all times the fullest possible information with respect to every matter that has to do with the welfare of the Canadian people in connection with foreign countries. And with respect to the nations that comprise the commonwealth, the same may be said, although it is impossible that the same results may accrue in the one case as in the other, from failure so to do.

The third proposal is that so far as it lies within our power, having regard to the obligations of free association which we have assumed, we should maintain our neutrality to the fullest possible extent, remembering that there can be no neutrality, in so far as being involved in conflict is concerned, where any part of this commonwealth of nations becomes involved in war. And lastly, that participation in any conflict always rests with parliament, which means the people. But no action that we can take while still remaining within that empire or within the commonwealth will preclude or prevent those who are opposed in conflict to the empire or to any part of it from taking such steps against us as they may be advised and think desirable as belligerents.

I conceive this to be not an unfair statement of our position. Far be it from me to indicate that it is a policy. It is not a policy at all in the narrow sense of the term because I have pointed out that policy changes from day to day in the light of events that control policy. But it is a broad statement of the position which the Dominion of Canada occupies in the northern half of this continent.

We have our alternative. We have always had an alternative. There is no power that keeps Canada within the British Empire or within the commonwealth of nations. Canada has had the right to withdraw from the British Empire, and successive British statesmen have said that if we so desired they would not raise a finger against our starting our own household and setting up our own establishment. It was said as far back as the days of Mr. Gladstone and it was said at one time by Disraeli, who modified his statement in his later days. It has been said by more modern statesmen. But let it not be forgotten for a single moment, that this must be the free choice of the Canadian people. For myself, I do not believe that in my lifetime they will make such a choice. I cannot speak for another generation.

I believe we were endowed with riches that were purchased at great price by men who gave their lives and their treasure to accomplish these things. It must not be forgotten for a single moment when we speak of our great mineral resources, as the Prime Minister did this afternoon, that at one time they were

the property of the crown in the right of the sovereign at Westminster. But when the sovereign sent his representative abroad with the commission in his pocket to govern any part of his dominion, before confederation, he had the power to alienate the land, the mines, the resources, and he alienated them to those who were entitled to them under regulations made, not in London or "Downing street," but by his advisers in Canada.

So we Canadians were given this heritage. England, about which some critical reference was made by a gentleman not long since, spent not thousands but millions of pounds on fortresses and guns and ships, for instance at Esquimalt and at Halifax. Those fortifications were paid for by the British taxpayer. In the year after confederation—I will go back just to that year—the British taxpayer provided more money for the construction of defences in Canada than we did for many years afterwards. It is within my memory when British garrisons were withdrawn from Halifax and Esquimalt. I can recall also when the north Atlantic squadron ceased to be based on Halifax.

These were contributions made by the British taxpayer to the maintenance of Canada. These vast expenditures were the free gifts of the British people to those who settled and made here a new home. That leaves out, of course, the part of the province of Quebec where French sovereigns had made grants long prior to that time, which of course were recognized, at least to some extent, by the treaty of 1763.

So we to-day still have the choice—unity in common allegiance to the British crown, freely associated as members of the British Commonwealth of Nations or, for a time, an independent nation. And I believe, sir, rightly or wrongly, that as we preserve and maintain that association, so we shall assist in preserving the peace of the world.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, let me say that I appreciate keenly the difficult position in which the Prime Minister (Mr. Mackenzie King) is placed in these critical times. He must carry a very heavy responsibility. I congratulate him upon the general survey of the international situation which he gave in the earlier part of his speech this afternoon. It seems to me that the debate to-day marks a decided advance in the conduct of the affairs of our country. I have known sessions when the estimates of the Department of External Affairs were passed without any discussion whatever. Surely we have passed beyond the stage where that ought to be possible.

The speeches which have been given thus far in the debate by the Prime Minister and the leader of the opposition (Mr. Bennett) reveal very divergent points of view with regard to what ought to be the foreign policy of this country. It seems to me that nothing is gained by minimizing the differences which exist in Canada. The Prime Minister speaks about the policy of his government being one of peace and friendliness. Well, I assume that we can all subscribe to that, but as soon as we begin to get down to concrete cases we shall differ very widely indeed. I would urge that to-day phrases are not enough; that the situation is too serious, and that we must try to outline much more definitely than we have yet done what is to be our policy in future. Personally I am inclined to think I would be much nearer the policy of the Prime Minister than to that of the leader of the opposition, —I was going to add, if I knew what the Prime Minister's policy really was!

Mr. BENNETT: Hear, hear.

Mr. WOODSWORTH: I would, however, say very frankly that I appreciate the forthright way in which the leader of the opposition has set down his policy. We know where he stands; and I think it is time that the whole country knew where the government stood as regards this and also some other matters.

There was one thing said by the Prime Minister which, I think, was advanced for the first time, and that is that foreign nations are not likely to pick out Canada for attack. I am glad he has taken that position, because in a great many quarters the main reason for an enlarged defence program has been that we might be attacked in force by Japan or by some other nation located a long distance away. If the Prime Minister is correct, we may very well ask why we should have any very considerable defence in this country, and we should require that what defence is necessary in the opinion of those who advocate defence, should be limited to one particular kind.

The Prime Minister, I thought, stated one matter very clearly when he asked, are we likely to be drawn into war through our connection with the league? And he came to the conclusion, after considerable argument that he did not think we would be. I might point out that if we in Canada interpret in future our obligations as lightly as we have done in the past, I can easily understand that the keeping of our obligations is not going to

get us into any difficulty. However, that was the conclusion arrived at by the Prime Minister.

But there was another proposal which he did not put quite so clearly, and that, is this: Are we likely to be drawn into war through our connection with the empire? For me that is a much more important question. I think the leader of the opposition is right when he said that that is the vital point. Yet that point, in my judgment was evaded, consciously or unconsciously, in the Prime Minister's speech, and that is the thing which sooner or later will have to be settled. It is all very well for the Prime Minister to say that the solution of our relationship to the empire has been worked out so far as peace time is concerned, and he has no doubt that some solution as to our relationship to the empire in war time will also be worked out. But it is going to be a great deal more difficult than that, and now is the time to set up whatever machinery is necessary or to come to whatever understandings are necessary so that, if war should come, we should at least know where we stand.

I am not sure that the leader of the opposition is right when he says that there are simply two alternatives—either that we must be wholly in the empire or that we must withdraw. As a practical matter, I do not believe that we are faced with these alternatives, but I do urge that the present relationships between the dominions and the United Kingdom are very unsatisfactory and may lead at any time to considerable difficulty. If we do not propose to participate actively in another war, that is, if we are not, to use the Prime Minister's phrase, going crusading again to Europe as we did in 1914 to 1918, then we ought to advise Great Britain to that effect and to do so now. That should be clear-cut. If the British depend upon Halifax or Esquimalt as ports into which their ships may come and we declare our neutrality, what will be the situation? There will be a complete mix-up which neither we nor any other nation will understand. It seems to me that the first step which should be taken now if we are indeed a thoroughgoing autonomous nation is to ask Great Britain to revise the agreement with regard to Esquimalt and Halifax and make these entirely Canadian ports. Then we shall be in a better position to say whether or not we wish to maintain our neutrality.

The Prime Minister praised the policy of Great Britain since the war. I shall not attempt in the time at my disposal to enter into that matter; but from my standpoint, I suggest that Great Britain's policy since the war, like the policy of all the great nations, has been one long succession of blunders. I do not think we can very well study the history of Europe since the war without coming to some such conclusion. The Prime Minister is quite right when he says that the war did not end promptly when peace was concluded. The war has not yet ended. If we had been wiser we would have taken a different course. The last war sowed the seeds of the war that is to come.

If I understand the Prime Minister aright, he rather deprecated that in this country there should be discussion of United Kingdom affairs. I cannot quite understand that. If he is going to praise the United Kingdom and suggest that everything it does is for the best, then surely some of the rest of us who have different opinions have a perfect right to voice these opinions, and that more particularly when the action of the United Kingdom, under the conditions that now exist, may drag us into another war.

Mr. MACKENZIE KING: I have never tried to put any bar upon discussion of any question in this house. I have repeatedly said I hoped that the tone of discussion would be such that it would not embarrass very critical situations in other parts of the world. That is the extent to which I have tried to direct discussion. I have no objection, if my hon. friend thinks it best to criticize British policy, present or past, for him to do so; but so far as I am personally concerned, and speaking for the government, I feel that in the light of the knowledge we all have of the situation as it is in Europe to-day, we cannot be too careful of the manner in which we express our criticisms.

Mr. WOODSWORTH: I quite agree with the Prime Minister in that statement.

Mr. MACKENZIE KING: That is all I suggest.

Mr. WOODSWORTH: Well, if that is all, then we agree; but I certainly thought the Prime Minister meant something more than that. In this connection I think he meant more than that. I am quite sure that what is in the back of his mind is more than that.

Some hon. MEMBERS: Oh, oh.

Mr. WOODSWORTH: I am not reflecting on the Prime Minister, and hon. members need not take me up in that way. My point is that the Prime Minister is constantly taking the position that we, a com-

paratively small nation, must take a back seat with regard to the affairs of the empire and in the league at Geneva.

Mr. MACKENZIE KING: No; my hon. friend is quite wrong; I will tell him what is in the back of my mind. What is in the back of my mind is what I read in the dispatches I receive from day to day, sometimes many in a day, all of which emphasize over and over again the extraordinary and exceptionally critical nature of the European situation. That is what is in the back of my mind when I suggest to hon. members to be very guarded in what they say, lest the word spoken here may carry a very different or unfortunate interpretation in other parts of the world.

Mr. WOODSWORTH: I quite appreciate the position taken by the Prime Minister in that regard, but I should like to emphasize what is in the back of my mind.

An hon. MEMBER: There is nothing.

Mr. WOODSWORTH: Well, there may be nothing, though in that case it would be hard to express it. I do urge that if the leader of the opposition is correct—and I think he is—that if Great Britain is at war Canada is automatically at war, whether or not we participate actively, then we ought, as a more or less autonomous nation and having in our population an intelligent people—

Mr. LAPOINTE (Quebec East): Not more or less, but autonomous.

Mr. WOODSWORTH: Autonomous, if you like, and with a population of intelligent people. Under these circumstances we ought to be able to discuss these affairs that concern the welfare of the empire and have some part in them, at least so long as we remain a part of the empire. I do not think we can be both in and out of it; that is what I want to emphasize to-night. But as matters stand we do not quite know where we are.

So far, external affairs and military defence have been very closely related. The time may come when they will be entirely separate, when external affairs will not involve military defence; but to-day they are inextricably involved. I regret that we had the defence estimates introduced this year before we had the discussion on foreign affairs. It seems to me the proper order was reversed, and already we have had to some extent a discussion of external affairs. I will refer to some of the debates of the last few weeks. The hon. member for Beauharnois-Laprairie (Mr. Raymond) says that he will vote for the defence estimates on two grounds. In the first place they are $2,000,000 less than those of last year though they are still $34,000,000. I have some sympathy with him so far as that is concerned, and choosing the lesser of two evils I should have to vote with him for the smaller estimate. He refers to the Prime Minister's stand at the imperial conference and feels confidence in voting defence supply. I wish I could be so reassured. It may be true that, as the Prime Minister has said, we are under no very definite commitments; yet I can hardly help thinking that the very close relationships which exist between our departments and the British departments must almost inevitably involve us in certain responsibilities.

Take the matter of war munitions. We are now making preparations, I understand, for our Canadian factories to ship large quantities of munitions to Great Britain. It is being quietly assumed that Canada is to become an arsenal for Great Britain. That is a very important question of foreign policy, which was not touched on by the Prime Minister and has not been considered by this house. Before long we shall have vested interests at work on the side of war; Great Britain will be looking to us to carry out certain obligations. Again, I have no definite idea why all this gold is being shipped here. I can conceive that probably credits will be needed in this country. Through these international arrangements, whether we like it or not, we are already taking on obligations. Hence it does not mean a great deal that the Prime Minister of Canada says that Canada has no definite commitments. The people of this country and parliament should know definitely where we stand in regard to these matters.

Consider the statement made by the Minister of National Defence (Mr. Mackenzie). The Globe and Mail's summary of his speech was, "Canada must stand with Britain." I ask him, is that a fair summary of his speech? He was speaking not for himself but for the government. It is a catchy slogan. But one might ask, which Britain must Canada stand with—the Britain of Chamberlain, the Britain of Eden or the Britain of the Labour party? They represent three very different types of thought in Great Britain to-day. "Canada stands with Great Britain." Has Canada no opinion of her own? We ought to know that. Otherwise it is a case, as in the last war, of "Ready aye, ready." Is that the position at which we have arrived? Has the Liberal government taken that stand? If it has not, I would like the Liberal government to say so.

Mr. LAPOINTE (Quebec East): My hon. friend is wrong in his history. "Ready, aye, ready" arose in 1923, in connection with the Chanak incident.

Mr. WOODSWORTH: I believe that is correct.

Mr. LAPOINTE (Quebec East): And the government of the day was not "ready, aye, ready."

Mr. WOODSWORTH: That is quite true. But I say, have we reached to that point? Is that to be our policy? Let me instance another reaction to the statement of the government's policy, an editorial in the Montreal Daily Star of March 25. The article stated that we had had a formal statement of government policy, and says:

> It officially recognized several definite facts which the isolationists, the purblind pacifists and the whole fat-headed fraternity of confused thinkers commonly refuse to recognize . . . it is only fair to recognize the political courage of the ministry of Mr. Mackenzie King in going as far, as fast and as steadily as it is.

So apparently the Prime Minister and French Canada are no longer isolationists, but we are going as far and as fast as we can in the imperial direction. That is apparently the view of the Star, founded upon what was said here a few weeks ago. The same issue of the Star quotes Earl Baldwin:

> Our frontier no longer is at the cliffs of Dover, but at the Rhine.

I would ask, Where is Canada's frontier? Is it the Atlantic or the Pacific, or is our frontier going to the cliffs of Dover, or some other external point? Is it going to be outside of our own geographical boundaries? When I study the details of our defence estimates I have to ask myself that question: Are our frontiers to be the Atlantic and the Pacific, or are we preparing, if occasion arises, again to send troops overseas? After listening carefully to what the Prime Minister said this afternoon, I confess I am still at a loss to know just what our foreign policy is.

I read again a few weeks ago that lengthy speech which the Prime Minister made last year. I shall refer to it, if briefly, rather than to to-day's because I have not the copy of to-day's speech at hand. In truth I do not see that there is any great difference in the point of view expressed this year and last year.

The Prime Minister referred to our obligations under the League of Nations, and spoke of the failure of the league. Referring to the pact of Paris, he said that the nations which were parties to that instrument agreed from that time on to renounce war as an instrument of national policy. He considered that our relationship to the league had become a liability rather than anything else. He took the position that certain nations put no faith in contracts. "Some nations avowedly are placing their confidence in might, not in right; in force, not in reason." He then stated, as he repeated to-day, that economic sanctions would inevitably lead to military sanctions. He spoke of the league in these words:

> But a league which in the light of the developments of the last few years continues to place its reliance on force is going to be a very different institution from that which most of us have conceived the league of nations to be.

If I understand those statements aright, the Prime Minister has come to the rather curious conclusion that since it is wrong for the league to use force it is right for the individual nation to use force. He has apparently come to the conclusion that since some nations have failed to live up to their obligations we should follow suit. I recall a passage in the book of Psalms commending the man that sweareth to his own hurt, and changeth not. I agree with the leader of the opposition when he deprecates the way in which Canada, with other nations, has regarded her obligations so lightly. The Prime Minister I think would take this position; that since, according to Doctor Dafoe, whose words he quotes but whose advice he does not follow, we are back to a conception that excludes all considerations of morality in international relationships, we should, to use the Prime Minister's own words, take cognizance of our obligations in the light of the world situation as it is to-day. I confess that smacks very much of the words which were used recently by Lord Halifax in rejecting the appeal of the former Emperor Haile Selassie who came to make a last plea that the nations would honour their obligations. In that connection I noticed a remarkable statement in the Winnipeg Free Press. I have not been able to get away from the set-up of this page:

> Death knell of a nation.
>
> "May God forgive them."
>
> The garden of Gethsemane could not have been more bleak and forbidding than was the council chamber of the League of Nations yesterday when a cold and hostile "family of nations" rejected the last, cogent appeal of a fellow member for consideration at the bar of international justice—an appeal that the nations of the world keep alight the torch of collective security by withholding provision for the honourable recognition of the most dishonourable act of aggression in modern times. But the nations, with two notable exceptions—New Zealand and China—turned their backs on the pathetic, despairing figure of Emperor Haile Selassie of ravaged Ethiopia, too ill himself to deliver his speech but seated

there in silent solemnity in the very place once occupied by Italy—and instead they cleared the way to extend the hand of good fellowship to gloating Benito Mussolini of imperial Rome.

And these were the words that were uttered before the blinded Goddess of Justice.

On the one side are set the words of Selassie, and on the other the words of Lord Halifax. At the foot of the special article appear these words from holy writ:

> And He, bearing His cross, went forth into a place called the place of the skull . . . where they crucified Him.

This is one of the few times in the recent history of Canada when I have seen the public press take the stand that something like personal morality must be carried into the realm of international affairs. In that connection I am glad to say that the representative of one British dominion did not agree. Mr. Jordon of New Zealand had this to say:

> This is a return to the laws of the jungle. . . . We sometimes seem to be but little different from brutes. . . . The plan is a direct denial of collective responsibilities which are a fundamental part of the league.

I do not know what part Canada took; so far that has not to my knowledge been divulged to us, but I wish I could have held up this paper to-night and said that Canada had stood out on that occasion as New Zealand did.

Mr. LAPOINTE (Quebec East): There is a good explanation. Canada is not a member of the council; New Zealand is.

Mr. WOODSWORTH: Would the minister give us a statement as to what the position of Canada is and has been in that regard?

Mr. LAPOINTE (Quebec East): Make your speech.

Mr. WOODSWORTH: I am trying to make it, but I should like to know that. It would certainly help me to make my speech.

With regard to empire obligations the Prime Minister said to-day what he has said previously, that he was not in a position to bind Canada to anything; that each member of the commonwealth must decide the nature and scope of its defence policy. Yet the Minister of National Defence (Mr. Mackenzie) is prepared to accept the assistance of the British fleet, as was mentioned by the right hon. leader of the opposition. The minister declared:

> . . . it is only fair to say that to-day the main deterrent against a major attack upon this country by a European power is the existence of the British fleet in north Atlantic waters. . . . Just as the British navy on the Atlantic

is our greatest security in that quarter so I think it might be reasonable to assume that in a major conflagration we should have friendly fleets upon the Pacific ocean. . . . Our major defensive buffer on the Pacific coast is not the Pacific ocean alone but the existence there of friendly fleets.

Last year, when I attempted to suggest that Canada was particularly favourably situated and that we need not expect an attack because we had Great Britain on the one side and the United States on the other, who in their own interests would prevent any major nation from attacking Canada, the Prime Minister said we must not sponge. If my statement was an advocacy of sponging, I wonder what about the statement of the Minister of National Defence. The Prime Minister then said:

> I submit that sponging by a nation is, in the eyes of other nations, exactly the same as it is in the case of individuals.

Yet the Prime Minister, who says that, looks to Great Britain and the United States to defend us in case of emergency. I quote his words:

> While it is our good fortune to have both the United States and Great Britain as close friends ready to come and help us should we ever be the victims of aggression, let us realize that if we are to look to them for help all the more we must be prepared to lend a hand ourselves, and that certainly in the defence of our country.

I should like to know exactly what the Prime Minister means by such a statement. To-day he seemed to imply that we are at the end of our "crusading in foreign countries," as he put it. Well, if we are not going to crusade in foreign countries; if we are not going to come to the aid of Great Britain in other parts of the world, now is the time to say so. I do not think it is of any great help to Great Britain if we encourage the idea that we stand behind her, while at the same time in our own minds we have decided that we will do no more crusading in foreign countries. It is these positions that seem to me so inconsistent. On another occasion the Prime Minister said, "What we are doing we are doing for Canada alone." Are we going to help the other members of the empire if they are in a tight box, or are we prepared simply to look after Canada alone? Frankly, these statements puzzle me; I cannot reconcile them.

Mr. MACKENZIE KING: May I ask my hon. friend if he can tell us in advance what the situation is going to be six months or a year hence, or even three weeks hence? How can you possibly decide what you are

going to do until you know what the situation is in which you are proposing to intervene or not to intervene?

Mr. WOODSWORTH: I am not suggesting that we can tell exactly what we may do, but I think we can and should determine our general policy. In my judgment that is not clear to-day—despite the lengthy statement of the Prime Minister this afternoon and his statement a year ago. I for one confess my absolute inability to know where the government stands with regard to our obligations to the British Empire.

Mr. MARTIN: Are we to infer from what the hon. gentleman has said that he has changed the position he took last year, that in any event and in all events—

Mr. WOODSWORTH: I am coming to that I believe a little later. I am discussing the Prime Minister now, and do not intend to be diverted by the hon. member for Essex East (Mr. Martin). The Prime Minister said, "What we are doing we are doing for Canada alone." For a moment I want to glance at that "Canada alone" policy. A year ago the Prime Minister gave a statement of the Canadian legion which, he said, set forth the views of his administration. It read:

(4) That we, therefore, believe that it is essential that Canada should, forthwith, develop a defence policy which, in the first place, would be designed to enable us to effectively defend our neutrality in case of war and protect our trade and commerce, and ultimately enable us to defend our eastern and western coasts from aggression by enemy forces.

My criticism is that this whole policy is one of compromise. The Prime Minister says:

If we have not proposed more, if we have not proposed less, it is because of that guiding principle, we have sought to keep the country united.

I think the cat is out of the bag. If we proposed more, we would be siding with the imperialists. If we proposed less, the government would be accused of being isolationist; so there is the policy. Let me read the Prime Minister's statement again:

If we have not proposed more, if we have not proposed less, it is because of that guiding principle, we have sought to keep the country united.

It seems to me the government is refusing to take responsibility. It is all very well for the Prime Minister to say that there will be no participation in an overseas war except by the consent of parliament; but if war came, instead of maintaining unity, this country would be split from stem to stern. There is no doubt of that. It would be a reasonable thing for the government to face the question of a diversity of opinion in this country and come out with one or the other policy, instead of keeping us in suspense as to what is the real policy of the government.

Mr. LAPOINTE (Quebec East): Does my hon. friend want to split the country right away?

Mr. WOODSWORTH: No; I do not want to split the country right away; but I want to know where this government stands, and I think the country has a right to know where it stands. I suggest that the Minister of Justice, after listening to the speech of the right hon. leader of the opposition, would have no doubt where he stands. We know where he stands, but we do not know where the government stands.

Mr. LAPOINTE (Quebec East): I know where I stand.

Mr. WOODSWORTH: That may be; I wish the minister would tell us when the time comes. As regards having a war-time election, think what would happen. We would be faced with a fait accompli, and probably we would be into a khaki election. Would that keep the country united?

I should like to direct attention to the resolution of the hon. member for Vancouver North (Mr. MacNeil), which I think ought to be considered very carefully. This resolution reads as follows:

That in the opinion of this house the Canadian government should take such steps as may be necessary to make clear to the other members of the Commonwealth and to the world that the right either to declare war or to remain neutral, in any war that may occur, is vested solely in Canada.

I submit that is a step which we should take to clarify the situation. South Africa has done that in her Status of Union Act and Royal Executives Functions and Seals Act. Why do we not do it in Canada? I for one do not want to be dragged into another imperialistic war.

I put briefly two or three considerations, the first of which is that from a military standpoint our defence is wholly inadequate. It must be inadequate. How can we, a comparatively small country from the standpoint of population, a great, scattered country, possibly defend ourselves if, as the leader of the opposition suggested, someone were determined to come in. Let us recognize that fact. We cannot by ourselves have any real measure of security. I will go farther than that and say that to-day no nation can successfully adopt an isolationist policy. We may possibly have to do it for the moment; but I would urge that the world to-day forms a community,

and we are all living more or less in that community. No nation, Canada or any other, can for long successfully adopt an isolationist policy.

Another point I should like to place before the house. I am sorry I have not time to develop these points further. I would give the warning that if another war does come, that war must mean not merely conscription of men but conscription of wealth. Let us give warning to people who to-day are profiteering out of war. Life is worth more than property. To-day we have returned men begging on the streets, while the profiteers from the last war go still unpunished.

Mr. MARTIN: Who suggested the conscription of man power?

Mr. WOODSWORTH: That would come, inevitably, in another war. With that conscription there will come conscription of wealth; I mean by that not merely money, but mines, factories, stocks of goods—all titles to wealth. Gradually there is growing among our young people the realization of the truth that, after all, life ought to be worth more than property. If they are to sacrifice, others will sacrifice with them!

In one of his speeches the Minister of National Defence said:

> The purpose of the armed forces of any country, I think, may be threefold. In the first place to support peace time diplomacy.

Here we seem to be back again to the old power politics. I was told in my childhood days that the custom of shaking hands gradually developed because, if a man stretched out his open hand, he could not keep his hand at his dagger or sword. I do not know whether or not that is correct, but for the purposes of the illustration it is sufficient. We cannot genuinely outstretch our hand in the direction of peace if we keep it firmly on our dagger or within reach of our dagger. We shall have to recognize that, if we are going to bring about peace, we must go a long way in the direction in getting rid of armaments.

The hon. member for Vancouver North put it very well on one occasion:

> I consider that our first line of defence is our external relations, the foreign policy which keeps us out of war and enables us to settle international conflicts and live on terms of peace with other nations.

An hon. member asked me a little while ago as to what our policy would be. In answer I should like to read the policy of the organization with which I am connected, as adopted by resolution of the national convention of the Cooperative Commonwealth Federation last year in Winnipeg:

Foreign Policy and World Peace

The imperialist powers have betrayed the principles of the League of Nations and are feverishly preparing for another war. The situation is so serious that it is no longer possible to content ourselves with vague declarations about our devotion to peace. A clear and conscious foreign policy has become of paramount importance.

Mr. SPEAKER: The hon. member has spoken forty minutes.

Some hon. MEMBERS: Go on.

Mr. SPEAKER: With the consent of the house the hon. member may proceed.

Mr. WOODSWORTH: It continues:

Government policy and the people: The C.C.F. strongly condemns the secrecy with which foreign policy has been conducted by Liberals and Conservatives alike. Under Mr. King as under Mr. Bennett, it has been the practice to delay and avoid discussion of what our Department of External Affairs has been doing and of what commitments it may have undertaken. Yet upon these secret decisions may depend the lives of ten of thousands of young Canadians. Such conduct is a denial of all the democratic principles of responsible government. A C.C.F. government will take the Canadian people into its confidence on this as on other matters.

An hon. MEMBER: Oh, oh.

Mr. WOODSWORTH: Yes; someone says, "Oh, oh;" I feel like saying it myself. However, I shall continue reading the resolution:

Canada and the empire: At present Canada has not legally achieved complete control over her foreign policy because she is technically at war when Great Britain is at war. The C.C.F. therefore favours legislation similar to that recently passed in South Africa, which will remove the legal and constitutional obstacles to independent action by the Canadian parliament and will make it clear to the world that Canada is free to be neutral in any war, even in one in which the other members of the British commonwealth are engaged.

Mr. MARTIN: That represents a change of attitude.

Mr. WOODSWORTH: This was drawn up two years ago.

Mr. MARTIN: And it represents the change of attitude.

Mr. WOODSWORTH: No, none at all. This resolution was passed, with only one word different, two years ago, and reaffirmed last year. I continue:

Canada and the League of Nations: The C.C.F. reaffirms its belief that the principal causes of war in the modern world are economic competition, the struggle for raw materials and markets, and the class conflicts, which are an essential part of the capitalist system. It is evident that the most socialist countries to-day are the strongest influence for peace, while militarism, aggressive nationalism and war

propaganda are flourishing amongst the capitalist and fascist powers. The change from capitalism to a socialist economy planned in the interest of the people will be the best protection against war.

It is however clear that a properly organized league of nations can be of great help in organizing world opinion against war and in establishing a system of collective security to prevent aggression. The present league has failed because imperialist governments have used it as a screen behind which to play the old game of power politics. To be effective the league must provide machinery for the peaceful change of treaties; it must deal fearlessly with economic conflicts arising from trade rivalries and from the struggle for raw materials; it must work out in advance a clear policy for collective action against an aggressor; and its members must disarm. The C.C.F. will actively support any policy which aims at such developments in the league.

Neutrality: The C.C.F. believes that Canada should remain strictly neutral in case of imperialist wars, regardless of who the belligerents may be. The Canadian government should avoid all commitments in any schemes of imperial defence and should confine its defence policy to local Canadian needs.

Mr. Speaker, if the house will bear with me for just a few minutes more—and I appreciate the courtesy it has extended—I shall indicate in a few words my own personal convictions. Perhaps those convictions are more akin to a religious faith than to a political program. Yet I am convinced that they will ultimately prove to be more practical than those generally held.

I should like to adopt as my own, some words I came across written by Lord Lothian:

> The lesson of the last war is that you cannot get democracy, nor liberty, nor peace, out of a world war however noble the ends for which it is fought.

I am firmly convinced that that is true. We cannot get democracy, liberty or peace from war. Again I am firmly convinced that war settles nothing. As I said earlier in my remarks, the impending war is a direct result of the last great war. Then, one other thing—and some may not agree with me—armaments are no insurance against war. If we have a loaded gun, it is likely to go off.

I believe that there are other and more effective methods of dealing with outlaw nations. When the Prime Minister speaks of economic sanctions leading inevitably to war, I commend to him the following statement which appeared in the New York Times of November 30, 1937:

> Understandings on trade, money, and credit will serve as certain weapons against treaty breakers. . . . The sure shadow of economic starvation on spendthrift governments which cannot wage war unless we supply them, and deny supplies to their victims, can be made sufficiently effective as a deterrent without resort to the substance of sanctions or war.

I believe that to be true. We have not tried out such a policy and since the league has failed we have no machinery by which we can apply it to-day.

I urge a scientific approach to this whole problem. We are living in a scientific age and we are accustomed to get at the causes of things. There are very definite causes of war, either psychological or economic. We can do something to avoid the psychological causes of war by speaking cautiously, as the Prime Minister has advised, or by not setting up barriers to trade and immigration, as we have all been more or less forced to do. We can avoid regarding other people as lesser breeds without the law and so on, but undoutedly the main causes of war are economic in character. It is all very well for us to be proud of the British Empire; it is all very well for us to denounce little Japan—I denounce her with the rest—but after all Japan is doing only what most nations did a little earlier.

The western powers control 84 per cent of the earth's surface. Just think what that means. Great Britain controls 25 per cent of the world's population. Do we imagine that situation can go on forever? What should be our policy? First, let me urge that we must set our own house in order. Mr. Harold Burtler, director of the international labour office, says:

> War is not caused only or mainly by lust for territory or booty or prestige; it is also caused by low standards of living, by the feeling of economic insecurity, by the desire for moral or social emancipation. The founders of the organization were right when they discerned an indissoluble connection between peace and social justice.

There you have it in a nutshell—we cannot have peace until we have social justice. As the Prime Minister said recently:

> In all that pertains to justice, we must look to reason rather than to force. Let us never forget that there can be no genuine democracy where the doctrine of force prevails; neither can there be a Christian civilization.

Second, I suggest that we must act as a good neighbour. Canada has refused to submit to any scheme looking to a more equitable distribution of the world's raw materials. Canada, like most other nations, has imposed trade restrictions, which are always the cause of friction. Further, we have allowed certain groups of Canadians to profit out of the troubles of others and apparently are proposing to permit this on a more extended scale. Recently Stephen Leacock is reported as saying: "Europe's preparation for war in a cold, mean, business sense helps us immensely." Something more than a recognition that this

is a cold, mean, business proposition is necessary if we would avoid the inevitable consequences of such a policy. "Be not deceived, God is not mocked." That nation which permits its citizens to profit through the miseries and bloodshed of others is headed for disaster and deserves its doom. If we want peace, we must be prepared to pay the price of peace.

Specifically with regard to the league, I would suggest that although it has been a miserable failure, we must try to build up slowly and painfully a reconstructed league. Nations must surrender what they now regard as their sovereignty. I think the hon. member for Essex East (Mr. Martin) pointed that out not long ago in a speech which he made. We can no longer maintain absolute sovereignty in a world where we are living in community. We must seek to remove the causes of friction. I do not know whether an international police force would help greatly, but I would rather have an international police force than national armies. Arrangements of this kind must be very temporary because we must depend upon something else.

With regard to the empire, it does seem to me we must recognize that the empire as we have known it was built largely on conquest. Only recently I came across an almost prophetic statement by Sir Thomas More. He said:

> Everywhere do I perceive a certain conspiracy of rich men seeking their own advantage under the name and pretext of a commonwealth.

Read J. A. Hobson's considered statement:

> The decades of imperialism have been prolific in wars; most of these wars have been directly motived by aggression of white races upon lower races by forcible seizure of territory. Every one of the steps of expansion in Africa, Asia and the Pacific has been accompanied by bloodshed.

If I can do anything to prevent it, our Canadian boys shall not shed their blood in any more imperialistic schemes—all under the guise of patriotism.

We must claim our right to be neutral. I have not time to develop this point.

Lastly, as I said before, we must be willing to pay the price of peace. We have been paying an enormous price in attempting to get security through war. Canada is one of the least armed nations, and yet we are paying an amount for war that would largely settle the problem of the unemployed in this country. We are loaded down with debt, a no small portion of which was incurred in the last war. Why cannot we learn the lessons of the past and at least seek a new way? We should be prepared to pay the price of peace.

The thing that most distresses me in my own country to-day is the fact that if we can get orders for raw materials from Japan or for aeroplanes and there is money in it, we propose to get the money. If we can get orders for British munitions, we are willing to head straight into that sort of enterprise. We want to keep out ourselves, but we are not willing to pay the price of losing any trade. It may prove to be a costly price that will have to be paid in order that we can win peace.

Mr. MACKENZIE KING: Whom does my hon. friend mean by "we."

Mr. WOODSWORTH: We in Canada. This government has it in its power to control the activities of industry in this country. In my judgment they should be controlled.

Mr. MACKENZIE KING: My hon. friend says that we must find a new way, but is not that exactly what the League of Nations sought to do? If the new way was the best and it had the support that it had, why did it not succeed?

Mr. WOODSWORTH: I think we all recognize that the League of Nations did not have the support of the nations. Mr. Woodrow Wilson, who was so largely instrumental in forming the league, could not carry his own country with him. The great nations of England and France for many a year after the war took the stand that Germany must be punished. I do not need to go into all that. There were the forces on the Rhine, the ships that were sunk, the trade that was destroyed and the colonies that were taken. We were out to punish Germany. In my judgment it was the action of the great empires towards Germany that produced Hitler. One thing has led to another. If we had been a little bit stronger in the case of Manchuria, we should not have had the difficulty which to-day exists in China. However, I do not intend to go into these matters; the house has been very patient.

Undoubtedly the league has failed. The league was based on the idea of force. Perhaps centralized force for such a purpose would be preferable to the national armies which are being set up to-day, although I do not think that primarily the league should have been based upon force. However, if the league has failed, why cannot we reconstitute it?

Mr. MACKENZIE KING: My hon. friend says "we." That is the point I am trying to get at. Who is "we"?

Mr. WOODSWORTH: The world.

Mr. MACKENZIE KING: If the hon. member means the world, I agree with all he says, but if in saying "we" he means Canada I fail to see the point at all.

Mr. WOODSWORTH: We in Canada can give our assistance.

Mr. MACKENZIE KING: We always have. We have done the best we could.

Mr. WOODSWORTH: No; I'm afraid we have not. We have not done the best we could. We have followed almost slavishly the lead of other nations; we have not even been in the forefront in some matters which might be named. I hope the house will not think that I am trying simply to blame. I am not talking party politics at all. If the league has failed, instead of in desperation reverting to the old isolationist position, with the idea of certain groups of nations getting together, of achieving a preponderance of power and playing the same old game again, why should not we in Canada patiently and definitely set ourselves to try to discover some other way.

To-day we are living in peace alongside the great American republic to the south of us—a wonderful example of how nations can live in peace. I venture, however, to say that if cannon were placed on the international border along the forty-ninth parallel we should have trouble. We are at peace because of the very lack of any armaments or border patrols. Think of the effective work of our International Joint Commission. There is not a better example anywhere in the world of what can be accomplished through having a joint body to deal with troubles as they arise. I had intended to go further into that, but I have not time to-night. Why cannot we extend the application of such a principle?

Surely we can do something. If we cannot attain to a world wide league, which perhaps is too much to expect all of a sudden, at least we can build up very friendly relations with a number of the democratic nations, not with the idea of enforcing our own purposes and points of view, but with hand outstretched even to some of those nations whom to-day we must denounce because of their actions. Call this pure idealism if you will, but after the experience of the last war and the misery and tragedy which has come since, surely we ought to try to find some other way. If to-night I proposed to spend $34,000,000 upon a peace program, setting up a peace department, people would simply laugh, and yet, in allocating this money to defence, we are merely going along on the same old lines that in the past have led to disaster. Cannot we use our imaginations a little; cannot we begin, even though in a small way, along lines which may mean material sacrifice to us and which may even be risky? Somebody has to take risks. We take enormous risks when we go to war. Why not take some risks in an effort to bring about peace?

Mr. Speaker, I thank you. I think this is the only time that I have so far transgressed the rules of the house, but the occasion is an important one. I appreciate very much the courtesy extended to me by the house.

Right Hon. ERNEST LAPOINTE (Minister of Justice): I have neither the will nor the time to offer any extended observations. I merely desire to say a word in answer to one or two remarks of my right hon. friend the leader of the opposition (Mr. Bennett) and to one remark of the hon. member for Winnipeg North Centre (Mr. Woodsworth). I should not even say "in answer"; I am going to direct a word or two to my hon. friends.

First, I was surprised to hear the right hon. leader of the opposition commend in rather kindly terms the declaration of the conference of 1926, and speak of the obligations which he contends it involves, because of the "free association" which is mentioned in it. Those who were in this parliament in 1927 will remember that my right hon. leader and I were strongly criticized, not perhaps by my right hon. friend—for I do not believe he took part in that debate; he was absent from the house—but by the then leader, the Hon. Mr. Guthrie, and the hon. member for St. Lawrence-St. George (Mr. Cahan). The description which was then made of the work of that conference was that it was a sort of separatist movement from the British commonwealth, and far from being a bond of association, as my right hon. friend has described it to-day.

Further, after the conference of 1929 on dominion legislation, when we discussed the report of that conference in 1930 I well remember the strong words of my right hon. friend at that time with regard to its work. Of course I am not proficient in the English language, and I learned some words as I listened to my right hon. friend. I clearly recall his speech at the time because it was the first occasion when I heard the word "painter." He said that we had "cut the painter and let the mooring go"; that we were drifting from the little island in the North

sea, and that sort of thing. That was the description he gave at that time of this beautiful work which now he describes as an association and which confers the obligations of which he has spoken.

Mr. BENNETT: Will the right hon. gentleman permit me? He will recall that in the Statute of Westminster we had inserted a provision that no power was conferred to amend the constitution of Canada. That was the whole point.

Mr. LAPOINTE (Quebec East): That is right, but I do not think it has much to do with what I was just saying. We have the right to frame our own policies. We are, as my right hon. friend has said, an association of free states. He said we have to carry on the obligations of the free association. Well, "obligations" and "freedom" do not go very well together. We have the right to devise our own policy in everything; we are autonomous in matters internal and external, and that includes defence policies. I believe that I am really serving the aim of the preservation of that association, of that bond, by claiming absolute freedom in all matters of policy whether external or internal. There could be no more deadly blow to the preservation of the free association than the claim and the contention that Canada or any other dominion should be bound blindly by any policy of the United Kingdom or of any other part of the commonwealth with which we would have nothing to do.

Mr. BENNETT: Has anyone suggested that?

Mr. LAPOINTE (Quebec East): Well, it is really an inference. I am glad that my right hon. friend does not suggest it. If he does not, we are more in agreement than I was afraid we were. I am always pleased to be in agreement with the right hon. gentleman.

Freedom is the bond, and it is the safest guarantee of association and of union between the various parts of the commonwealth. My right hon. friend says, no criticism after the event. Well, the foreign policy of Britain is criticized there every day after it has been devised and framed. Anyone who has read the newspapers lately must have read the violent, bitter words of Lloyd George, of Mr. Attlee, and of other prominent members of the commons with regard to the measures which had been taken by the British government. Is it to be said that here we cannot even criticize the policy, that we have to accept it without having anything to do with it and without having any policy of our own? With that I cannot agree, and if my right hon. friend will permit me, I will say it is very different from the Canada-first policy which I heard so eloquently expressed in 1930.

Mr. BENNETT: And I still make the same contention.

Mr. LAPOINTE (Quebec East): I am more Canada-first to-night than my right hon. friend.

Mr. BENNETT: Not a bit.

Mr. LAPOINTE (Quebec East): And now a word to my hon. friend from Winnipeg North Centre (Mr. Woodsworth), for whose views I have every respect. The leader of the opposition is at least logical, but I cannot see the logic of the stand taken by the hon. member for Winnipeg North Centre. He does not like our attitude of saying nothing, doing nothing, not criticizing other countries that are invading some other parts of the world. We ought to be aggressive at least in our words, in our attitude, in our stand; but he does not want us to have anything to do with preparing to defend our own country, or with preparations to guarantee the security of our coast from attack. We will defy the world; we will challenge other countries, but we must not be ready if they take up our challenge.

There is another thing. My hon. friend says that the policy of Great Britain since the war has been a succession of blunders. I do not agree with that. Great Britain has saved the world from war at least twice. The policy of Great Britain has averted war. I have no hesitation in making that statement. I know the criticism that has been leveled against the British government on two or three occasions, and I know that criticism has been most unfair. I will allude to one of them, at the time of the invasion of Ethiopia by Italy. Great Britain has been criticized bitterly even in this parliament. I do not know whether I have the right to say something which is rather of a confidential nature, but I have heard two ministers connected with the foreign affairs department in Great Britain, in answer to a criticism made by one delegate of one dominion with regard to that very matter, make this statement: "Yes, we have done all we could to prevent war, but at a certain time when we were urged by other countries to go to war on that question, we said, 'All right, what help will you give?' And not one of them was ready to give any help." They all wanted Britain to go and wage war in a certain part of the world, but none of those who were so free to offer advice was ready to help. I say that Britain since the war has not deserved the

criticism which we have heard in this house and seen in the newspapers and in other countries. I repeat, I believe with all my heart and soul that if the world has been saved from war since 1921, Britain is responsible for having maintained the peace of the world.

Mr. MACKENZIE KING: And it is equally true to-day.

Mr. LAPOINTE (Quebec East): I think the same is true to-day. It is now eleven o'clock, and I shall conclude with this question: What is the foreign policy of Canada? The foreign policy of Canada is to keep Canada out of war; to try to keep Canada at peace; to be peaceful with all the countries of the world; to have those family relations, of which my right hon. friend speaks, with the other members of the commonwealth; to avoid offensive language towards other countries, and to save Canada for the destinies which are ahead of her.

Motion agreed to and the house went into committee of supply, Mr. Sanderson in the chair.

Progress reported.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

Wednesday, May 25, 1938

The house met at three o'clock.

ROYAL ASSENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following letter:

Ottawa, 25th May, 1938.

Sir,—I have the honour to inform you that the Right Honourable Sir Lyman P. Duff, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber to-day, Wednesday, the 25th May, at 5.30 p.m., for the purpose of giving the Royal Assent to certain Bills.

I have the honour to be, Sir,
Your obedient servant,
F. L. C. Pereira,
Assistant Secretary to the
Governor General.

PETITION

REQUEST OF HALIFAX EAST INSHORE FISHING INDUSTRY FOR RECONSIDERATION OF TRAWLER LICENSING

On the order for motions:

Mr. R. E. FINN (Halifax): I desire under this order and under the rules of the house—the rule has now been changed—to present a petition signed by 1,500 fishermen along the coast of Nova Scotia in the county of Halifax. In invoking the rule in reference to presenting petitions I desire to present the names of the petitioners, living in these fishing villages from Ecum Secum to Hubbards. I do not desire to take up the time of the house, because the business of the house should be proceeded with; may I therefore, with the indulgence of the house, without reading the names, have them become a part of the record when the petition is laid upon the table? If that meets with the approval of the Prime Minister (Mr. Mackenzie King), the leader of the opposition (Mr. Bennett), the leaders of other groups in the house, and hon. members generally, I am content to do it in that way.

Some hon. MEMBERS: Read it.

Mr. FINN: "We, the undersigned—

Mr. SPEAKER: I think the hon. member should present his petition, and when it is presented it will be considered and he may then move, if he wishes, that it be read by the clerk at the table.

Mr. FINN: I do not propose that. I am well within the rules of the house in presenting this petition under this order. I have a perfect right to invoke the rule in order that I may read the names of these 1,500 people. But I do not propose to do that; all I ask is that the names become a part of the record in Hansard when the petition is laid on the table of the house.

Mr. SPEAKER: It will be in order for the hon. member to lay his petition on the table of the house.

Mr. FINN: With the understanding that it becomes a part of the record.

Some hon. MEMBERS: No.

Mr. FINN: Then I shall invoke the rule and read the names. Hon. members must take one horn of the dilemma or the other.

Mr. SPEAKER: I do not think it is the practice to read a petition in that way. Petitions are generally presented at the table to the clerk of the house. The other day the hon. member for Comox-Alberni (Mr. Neill) moved that a petition be read, but it was a short petition—

Mr. FINN: I do not think the length or shortness of the petition alters the rule. I desired not to keep the house from getting on with its business. If the house is agreeable under the rule that these names shall become a part of the record in Hansard I am content.

Mr. THORSON: What rule?

Mr. FINN: I am speaking under motions. I am not going to be cross-fired at by hon. members on this side of the house. It is all very well for them, living inland among the oats and hay and barley. If the hon. member is not able to look up the rule for himself I am not his clerk.

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I draw the attention of my hon. friend to the rule—paragraph 7 under standing order 68:

On the next day following the presentation of the petition the clerk of the house shall lay upon the table the report of the clerk of petitions upon the petitions presented and such report shall be printed in the votes and proceedings of that day. Every petition so reported upon, not containing matter in breach of the privileges of this house and which, according to the rules or practice of this house, can be received, shall then be deemed to be permitted to be read and received.

In the first instance the petition should be merely presented. After it has been examined and a report has been made upon it, is the time when it will be known if the petition may be read and received.

Mr. BENNETT: It is presented first without comment.

Mr. FINN: If that is the stand of the right hon. Prime Minister (Mr. Mackenzie King), I am content.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

Mr. FINN: Has this assembly, this parliament, this House of Commons become accustomed to some rules other than the rules of the house? It is too bad that I seem to be in conflict with you, Mr. Speaker, so often. It is not my desire, but this is a very important matter to the people of my county.

Mr. SPEAKER: Order. I have already explained to the hon. member how petitions are presented, and the right hon. Prime Minister has quoted the rule:

Petitions may be either written or printed, provided always that when there are three or more petitioners the signatures of at least three petitioners shall be subscribed on the sheet containing the prayer of the petition.

The next paragraph states:

On the next day following the presentation of the petition the clerk of the house shall lay upon the table the report of the clerk of petitions upon the petitions presented and such report shall be printed in the votes and proceedings of that day.

I think it is competent for the hon. member to present his petition, and then it will appear in the records of the house.

[Mr. Finn.]

Mr. NEILL: May I speak to the point of order. At page 209 of Beauchesne's Parliamentary Rules and Forms, citation 731 provides:

Every member offering to present a petition to the house, not being a petition for a private bill, or relating to a private bill before the house, shall confine himself to a statement of the parties from whom it comes, of the number of signatures attached to it, and of the material allegations contained in it, and to the reading of the prayer of such petition.

The hon. member would be within the rules if he now read the prayer of the petition, which apparently is what he wants to do.

Mr. LAPOINTE (Quebec East): He has not asked for permission to do that.

Mr. FINN: I shall read this:

We, the undersigned, have assisted in circulating the attached petition and in securing the signatures which appear on the original petition of which this is a copy. The original petition has been forwarded to the Honourable, the Minister of Fisheries at Ottawa.

Dated April 30th, 1938.

Matthew Boutlier, Mushaboom.
Jacob H. Josey, Spry Bay.
Stanford Josey, Spry Harbour.
Fulton Butler, Pleasant Harbour.

Some hon. MEMBERS: Order.

Mr. FINN: These are not the names on the petition; this is conclusive evidence, before I lay the petition on the table of the house, that these are the fishermen from East and West Halifax who have interested themselves in going around, seeing the fishermen and ascertaining their views. Then I shall read this:

We, the undersigned, engaged in the inshore fishing industry in Halifax East, urge immediate reconsideration by government, of trawler licensing. Conditions in the fishing industry along this shore, definitely will not permit the addition of further burdens, if we and our families are to live. We believe the reissuing of trawler licences is a direct blow to any hopes we had for a betterment of our conditions this year. We respectfully request that immediate reconsideration be given to the licensing of trawlers, as, unless such licences are cancelled at once, it means an increase in unemployment and depressed prices which we cannot face.

We call upon our representatives in the senate, parliament and local legislature to stand by us at this time.

April 30th, 1938.

DIVORCE AND MATRIMONIAL CAUSES

PROVISION FOR WIDENING OF CAUSES FOR DIVORCE IN CASES BEFORE COURTS

Mr. J. S. WOODSWORTH (Winnipeg North Centre) moved the first reading of Bill No. 119, respecting divorce and matrimonial causes.

Some hon. MEMBERS: Explain.

Mr. WOODSWORTH: I think this bill is pretty generally known. It has been discussed for a considerable length of time in the senate. It provides for the widening of the grounds for divorce.

Motion agreed to and bill read the first time.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 121, to incorporate The Roman Catholic Episcopal Corporation of Hudson's Bay.—Mr. Boulanger.

QUESTIONS PASSED AS ORDERS FOR RETURNS

LUCIEN DANSEREAU

Mr. PELLETIER:

1. Was one Lucien Dansereau ever employed by the Department of Transport or the Department of Public Works?
2. If so, in what capacity?
3. What were his duties?
4. What was his salary?
5. Where was he employed?
6. When was he first employed?
7. Was he ever transferred from one department to another?
8. Has he resigned, or been pensioned or dismissed?

Mr. RINFRET: Return tabled.

CANADIAN NAVY—FUEL OIL SUPPLIES

Mr. LENNARD:

1. From what company or companies is the fuel oil procured that is used on the destroyers in the Canadian navy?
2. What price per gallon is being paid for this fuel oil?

CANADA-CUBA TRADE AGREEMENT

On the orders of the day:

Mr. A. E. MacLEAN (Prince): I noticed in the Charlottetown Guardian of May 23 the following dispatch:

Ottawa, May 22—Official sources here confirm the report from Havana that negotiations for a trade agreement between Canada and Cuba were in the offing. However, the preliminaries to such negotiations had not reached the stage where any announcement could be made.

The Havana dispatch said that an exchange of Canadian potatoes for Cuban sugar and tobacco was under consideration.

I should like to ask the government or the minister in charge if this statement is correct; and, if so, what progress has been made.

Hon. W. D. EULER (Minister of Trade and Commerce): My attention had not been directed to the dispatch quoted by my hon. friend, but I may say to him and to the house that no negotiations for a trade agreement have been initiated either by the government of Cuba or by the government of Canada.

ASCENSION DAY

INQUIRY AS TO CLOSING OF CANADIAN NATIONAL SHOPS AND POST OFFICE IN QUEBEC CITY

On the orders of the day:

Mr. WILFRID LACROIX (Quebec-Montmorency): I should like to ask the Minister of Transport (Mr. Howe) if orders have been issued to close the Canadian National shops at Quebec to-morrow, on account of the fact that it is a legal holiday in that province.

Hon. C. D. HOWE (Minister of Transport): I have no knowledge of the situation, but I shall make inquiries and advise my hon. friend as soon as those inquiries are complete.

Mr. LACROIX: May I direct the same question, as far as the post office in Quebec is concerned, to the acting Postmaster General (Mr. Euler). Have orders been issued to close the post office to-morrow on account of the fact that Ascension day is a legal holiday in Quebec?

Hon. W. D. EULER (Acting Postmaster General): I am not sure that I can completely answer the question of my hon. friend, since I was given no notice of it. I can tell him that to-morrow in the province of Quebec there will be no deliveries of mail, and postmasters in the various centres are given discretion to serve the public, perhaps with a limited service in some cases or no service at all in others, as may be found desirable.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF AGRICULTURE

Production services—Live stock and poultry, further amount required, $24,785.

Mr. SENN: For what is the additional amount required?

Hon. J. G. GARDINER (Minister of Agriculture): The total amount is $24,785, and the details are given at page 25 of the supplementary estimates. We find that there is an amount of $2,640 for a live stock production assistant, $2,040 for a senior live stock fieldman, $5,280 for two supervising live stock fieldmen at $2,640 each, and one senior poultry fieldman at $2,040. Then in five cases there are reclassifications and increases of salaries totalling $4,785, making a total of $16,785 in salaries. There is a further amount of $8,000 for prizes, bonuses and premiums, making a total of $24,785.

The explanations given when we were in committee before in respect to the first item apply equally to this one. The reclassification and reorganization were in progress at the time the original estimates were brought down, and these are the further amounts required as a result of the completion of the reorganization and reclassification.

Mr. STEWART: How does the total vote for these services compare with the total for similar services last year? I gather from the minister's observation that some reorganization has taken place. To what extent has such reorganization increased or decreased expenditures for these services?

Mr. GARDINER: The total amount in the main estimates for 1937-38 was $734,058. In the main estimates for this year the total is $829,170.50, or an increase of $95,112.50. That is not an exact comparison with last year, in view of the reorganization. Some of the activities are different, but that is as near as it can be traced in the estimates.

Mr. STEWART: Would the minister outline the reasons for the substantial increase in the vote. I have gathered from his statements concerning some of the other estimates that no really new activities have been undertaken, and that there has simply been a rearrangement or readjustment of duties. It now appears that there is a large increase in expenditures for practically the same work.

Mr. GARDINER: The number of services or activities has not increased, but there is an extension of service right across Canada in connection with live stock production.

Mr. ROWE (Dufferin-Simcoe): Are there any new services, or have we only an extension of the old ones?

Mr. GARDINER: That is true of production. There are no what might be called new services in connection with production; it is simply a matter of extending existing services.

Mr. SENN: What are the duties of fieldmen? I understand they undertake certain work in the country, but I should like to know their special duties?

Mr. GARDINER: The men we have out in the field are overseeing or inspecting the live stock production activities in connection with swine, cattle, sheep and poultry, and they are known as fieldmen. Their work is that of inspection and giving advice to farmers with respect to improvement of herds.

Mr. SENN: I understand to a great extent they deal with live stock associations as well as with private individuals. Are those appointments to be made by the civil service commission?

Mr. GARDINER: Yes; they are all made by the civil service commission, and these men deal with individuals as well as associations. That is, they are concerned with pure bred herds, and even with farmers who have not pure bred herds but are interested in improving their stock.

Mr. SENN: Will they have permanent or temporary appointments? I see in the original vote there was an increase of about $27,000 for prizes, bonuses and premiums, and in the supplementaries there is a further vote for $8,000. Would the minister explain what these bonuses and premiums, and particularly the prizes, are for? No doubt the premiums are for ram and bull enterprises, and probably bonuses would be in the same category. But I do not understand what the prizes are for. When the minister is answering, would he give the different amounts spent in bonuses, prizes and premiums.

Mr. GARDINER: The amount to provide salaries, as I stated before, is $16,785, and the amount for prizes, bonuses and premiums is $8,000. The sum of $3,000 is required in Quebec in connection with the bull premium policy. A short time ago we had suggested to Quebec that this year we would probably discontinue that policy. It is one which is carried on only in Quebec, and eastern Canada. The policy in connection with stallions is carried on in Saskatchewan, and that is the only part of western Canada in which that policy obtained. It was decided this year to discontinue those two policies. We had to make the decision between extending them right across eastern Canada, so far as the one policy was concerned, and of extending the stallion policy right across western Canada, so far as that part of the country was concerned, or discontinuing them after having tried them out for a year or two.

Mr. ROWE (Dufferin-Simcoe): Why discontinue them?

Mr. GARDINER: We were giving assistance in other directions. This is a policy that extends for two years and the request was made that we pay the premium on bulls this year. When we gave notice that we were likely to discontinue this policy this year, it was pointed out to us that it would not be fair to do so on immediate notice, that we should give at least one year's notice. That was the position when we brought down the main estimates. Had it not been for that decision we would have required to include

an amount of $10,000 in the main estimates. We have given notice of our intention to discontinue, and we are providing $3,000 to take care of this year's payments.

Mr. PELLETIER: What about the other $5,000?

Mr. GARDINER: Another $2,500 has to do with the Saskatchewan situation, to take care of new clubs that are being set up to take the place of the premium policy followed before.

Mr. PELLETIER: The minister has said that this decision had not been reached when the main estimates were brought down, that it was arrived at subsequently to that time.

Mr. GARDINER: When the main estimates were brought down we had given notice to Saskatchewan and Quebec that we were discontinuing these policies, and as a result of discontinuing them we did not intend to put anything in the estimates. Since then representations have been made from both provinces that in view of the fact that the premiums carry over a two year period it would be unfair to discontinue without notice. So we have given notice of our intention to discontinue, but we are making the payments for this year. The idea is that there will be no further payments under this vote in succeeding years. In Saskatchewan, so far as the horse breeders' policy is concerned, a club policy has been developed to take the place of the premium policy which is being discontinued. A further amount of $2,500 is required to take care of the additional clubs which are necessary in order that these stallions may go on the road.

Mr. SENN: I have asked the minister already how much was being spent in prizes and what they were given for. I should like to know further if the premium policy in connection with rams is being continued in Ontario and other provinces.

Mr. GARDINER: The premium policy with regard to rams is being continued. No part of this $8,000 will go for prizes. That matter was dealt with in the main estimates. This $8,000 is covered by the explanation I have just given, but the heading under which this is voted is the same as the heading under which the other was voted.

Mr. ROWE (Dufferin-Simcoe): Is there the same policy with reference to hogs?

Mr. GARDINER: Yes, a similar policy.

Mr. ROWE (Dufferin-Simcoe): Does that apply all over the dominion?

Mr. GARDINER: There may be some variation in the different provinces, but the policy remains the same as it was previously.

Mr. ROWE (Dufferin-Simcoe): Would the minister explain that policy?

Mr. GARDINER: I am sorry but I have not all the details before me. In some provinces we have a distribution of sows, while in other provinces we have a distribution of boars. There are different features in the different provinces.

Mr. ROWE (Dufferin-Simcoe): Is not the same policy followed in all provinces?

Mr. GARDINER: Not exactly the same. We cooperate with the provincial governments in this work. In certain provinces the provincial governments are carrying on a certain line of work, while in other provinces a slightly different line is followed. We cooperate with the provinces.

Mr. SENN: Is the same premium not paid in every province?

Mr. GARDINER: Where the purpose is the same, the premium is the same. Where there is a variation, there would be some variation in the assistance given.

Mr. SENN: I understand that the rams are graded X, XX, and XXX. Would a X ram in Ontario receive a different premium to a X ram in Quebec or Saskatchewan? Who grades these animals? How are the graders chosen? How are they paid, and how much?

Mr. GARDINER: The graders are departmental fieldmen appointed by the department for that purpose. The premium for a X ram in Ontario would be the same as the premium for a X ram in any other province. For similar work a similar premium is paid all across Canada.

Mr. PELLETIER: As a result of representations from Quebec and Saskatchewan the minister decided to continue the payment of prizes, bonuses and premiums. The minister has stated that $3,000 is needed for Quebec and $2,500 for Saskatchewan, but the amount of this vote is $8,000. Have other provinces made a similar representation and, if so, how were their cases dealt with? What was the result of their approaches to the government on the matter?

Mr. GARDINER: The $8,000 is covered by the two groups. Perhaps if I read the outline, it would give the details quite clearly. When it was proposed to discontinue the bull premium policy in Quebec, $3,000 was deducted. As it has been decided that this policy is to be continued it has been necessary to restore that amount. An amount of $10,000 was originally recommended; that is, it would require $10,000 to operate it for one year.

Three thousand dollars is the additional amount that will be paid on the first payments this year. Then, in connection with the horse breeders' clubs in Saskatchewan, provision is being made for the extension of this policy by the addition of twenty-four new clubs which have applied for assistance. These are to take the place of the premium policy which is being discontinued this year in Saskatchewan. This province is coming in under the club scheme which has been taken up by all the western provinces. It will require $2,500 to provide for this. Then we have had to provide for the payment of premiums on the services of premium stallions in Quebec, payment to be on the basis of last year's system of computation. It has been decided that the system of computation should be the same as that applying in the other provinces where the same policy is in effect. Stallions were purchased last year in Quebec on the understanding that the previous basis of computing premiums would apply on last year's services, which premiums would be payable this year. The total of $8,000 is made up by $2,500 for the stallion policy in Quebec, $2,500 for stallions in Saskatchewan and $3,000 for bulls in Quebec.

Mr. PELLETIER: Were similar requests received from any other province?

Mr. GARDINER: These changes in policies affect only those two provinces. That is why we have given notice that we are going to discontinue.

Mr. PERLEY: I notice in the monthly bulletin of agricultural statistics there appears a report of the value of live stock production in the different provinces during 1937. There appears to be a considerable reduction in the value of the production in Saskatchewan, apparently this being the only province in which there is a reduction. I assume that the field men of the department are surveying the situation there, and I should like to know if the minister could give us any report upon this condition.

Mr. GARDINER: It is true that a survey by field men is made from time to time with regard to live stock in the different provinces, and a survey in Saskatchewan showed that on December 1, 1936, the total number of cattle in the province was 1,366,200, and the number of milch cows, 612,600; on December 1, 1937, the total number of cattle was 960,400, and the total number of milch cows, 517,300. These figures show a reduction in Saskatchewan between December 1, 1936, and December 1, 1937, of 29·7 per cent in the total number of cattle, and of 15·6 per cent in the total number of milch cows.

[Mr. Gardiner.]

A survey was also made of the number in June of those two years, and it showed that in June, 1936, the total number of cattle in Saskatchewan was 1,539,000, a higher number than in December of the same year because there are always more cattle in June, the cattle being marketed between June and the first of December; and that the total number in June, 1937, was 1,441,200. In June, 1936, the number of milch cows in the province was 591,000 and in June, 1937, 563,000. This shows a reduction of 6·1 per cent in the total number of cattle between June, 1936, and June, 1937, and a reduction of 4·6 per cent in the number of milch cows between the same dates. It will be noticed from these figures that the reduction in the total number of cattle between June, 1937, and December, 1937, was 33·4 per cent, while the reduction in milch cows was 8·2 per cent. The following statement is made as a result of investigations into these figures.

It is significant that the decrease in the number of milch cows has not been nearly so great as the decrease in the total number of cattle, and that the number of milch cows is still in excess of the 480,286 reported in the 1931 census.

That is, there are still more milch cows in Saskatchewan than in the first year of the drought period.

Mr. THOMPSON: What portion of this grant will be expended on the poultry branch, and what activities are carried on in connection with it?

Mr. GARDINER: I understand there is nothing except one position having to do with hatchery work.

Mr. ROWE (Dufferin-Simcoe): Reverting to the bonus policy for sires, why did the department consider it wise to discontinue the bonus policy? During the last number of years many excellent sires have been marketed at the market price, while a large number of inferior types have been used for breeding purposes, despite the desire there has been for many years to improve the standard of our live stock throughout the country. I would ask the minister to explain why the department saw fit to discontinue the bonus policy in the very years that breeders of live stock needed that form of assistance most.

Mr. GARDINER: We have a bull loaning policy in the different provinces. In Quebec we have been trying out a bull bonusing policy, but we felt that we had come to the point where we should have to make a decision as between the two policies. If we were going to continue the bull bonusing

policy in Quebec we thought we should apply it to all the provinces in eastern Canada; but the opinion of the department is that the policy which is being followed in the other provinces is the one we should continue, and therefore we are discontinuing the policy in Quebec in order to bring it on the same basis with the other provinces.

Mr. ROWE (Dufferin-Simcoe): Is the department discontinuing the grants according to the grade of sire under the bonus policy, under which a grant was made to all who wished to buy that quality of sire, and is that policy to be replaced by a bull loaning policy? In other words, are certain clubs and farmers to be given the use of a bull free?

Mr. GARDINER: The bull loaning policy is one under which we purchased the bulls outright and loaned them to clubs. That policy is being continued right across Canada. There is no change in that at all.

Mr. ROWE (Dufferin-Simcoe): Would the minister give us some idea how many bulls are owned by the department now for bull loaning purposes?

Mr. GARDINER: I am sorry I have not the number before me at the moment.

Mr. ROWE (Dufferin-Simcoe): What was the number purchased last year?

Mr. GARDINER: Last year we purchased between fifty and sixty bulls.

Mr. PERLEY: What steps are being taken to meet the serious situation in Saskatchewan because of the demand for bulls under this scheme? I understand that there have been over two hundred applications, and the situation is serious. I think some desperate effort ought to be made by the department to meet these applications.

Mr. GARDINER: We have not been able to meet all the demands in Saskatchewan. I do not imagine we have been able to meet all the demands in any province, but in view of the difficulties experienced in Saskatchewan during the last year or two we have given more consideration to that province than to any other. Applications are being made now for an increase in the number, but we are compelled to deny any increase in what we have been able to give up to the present.

Mr. ROWE: (Dufferin-Simcoe): This appears to me to be a very weak substitute for the bonus policy.

Mr. GARDINER: It is not connected with the bonus policy.

Mr. ROWE (Dufferin-Simcoe): I appreciate that. But the minister has intimated that the bull loaning policy has been selected by the department as being the most helpful to the live stock industry.

Mr. GARDINER: Might I correct that? There has been no bull bonusing policy outside Quebec except in Ontario for about two years, I am informed, but that was discontinued previously. Probably it is the wrong term we are using.

Mr. ROWE (Dufferin-Simcoe): It is a bull premium policy.

Mr. GARDINER: There is no bull premium policy in Ontario, I am informed, and has not been for some time.

Mr. ROWE (Dufferin-Simcoe): It does appear to me that this is one of the most essential forms of assistance that could be given to the live stock industry, to improve the sires generally. I think we have been rather slow, under all governments, in our policy of eliminating the scrub sire, as the term is. Steps have been taken to improve sires in the different parts of the dominion, but I find that from 1930 until 1936, years when revenues were low, the department purchased annually almost 500 sires for bull loaning purposes. Now, the minister tells us, despite the report of last year stating that the continued popularity of the bull loaning policy is apparent from the fact that each year applications for assistance are greatly in excess of bulls available, just a few minutes ago we heard from the hon. member for Qu'Appelle that there are 200 applications still unfilled in Saskatchewan.

Mr. GARDINER: Perhaps if I just correct the statement I made a few moments ago it will have some bearing on what has been said. When the question was asked by the hon. member for Haldimand how many were purchased last year, the figure given me was between fifty and sixty. What the deputy had in mind, apparently, was the number purchased in Ontario. The total number purchased right across Canada last year was 283.

Mr. ROWE (Dufferin-Simcoe): I might point out that even if the total number purchased last year was 283, the hon. member for Qu'Appelle told us just now that there are 200 unfilled applications from farmers in the drought stricken areas of western Canada who find it impossible to buy a desirable type of sire. I am quite confident that there are over 200 in Ontario who would gladly make application if they thought the sires were

available. Again I would point out that 283, the number now given, is scarcely more than half the number which was provided each year from 1930 until 1936. We are told in the reports that the bull loaning policy is very popular and that there is a great increase of applications each year; yet we find the department providing only half the number to maintain a policy which they admit is very popular. I would suggest to the minister, if I can get his attention—

Mr. GARDINER: Yes; I am just looking up what the hon. member has been speaking of.

Mr. ROWE (Dufferin-Simcoe): —that his department should reconsider their administration of this important policy. As a live stock breeder I regard it as most important that assistance should be given, either by the bull loaning policy or by reinstitution of the premium policy. It is fundamental and basic to the agriculture industry, especially the live stock industry. If we are to meet the market demands which have been spoken about in this chamber we must do it by producing the highest class products, and it seems to me to be a very retrograde step that, while the premium policies are discontinued, bull loaning policies, admitted to be popular and leading to increased demands for such assistance, are to be carried on to only half the extent which obtained in more difficult years. I should like the minister to explain as well what progress has been made by his department with reference to the record of performance clubs for pure bred cattle, and also the advanced registry for dairy sires.

Mr. GARDINER: On the question of the numbers that have been supplied from year to year, I wish to give the following figures:—

Year	Number	Average cost
1933..	348	$121
1934..	403	129
1935..	394	132
1936..	299	133
1937..	283	143

The figures indicate that, while there has been some variation, it is not as great as has just been intimated. The total number in 1933 was 348, and last year, 283.

Mr. ROWE (Dufferin-Simcoe): If I have been unfair in stating that it was nearer 500, I wish to explain that I took my figures from the minister's report for the year ended March 31, 1937, where it states that:

> The continued popularity of the bull loaning policy is apparent from the fact that each year applications for assistance are greatly in excess of the number of suitable bulls available for purchase by the department.

[Mr. W. E. Rowe.]

Further it states that the purchase of some 2,800 bulls of approved type and quality has been made since November, 1930.

Mr. GARDINER: Yes. If you go back to 1930 and follow it right through from that year those total figures would be correct. I note that the hon. member has apparently averaged the figures from the beginning. But in establishing a policy of that kind you would have to put out more bulls per year, and many of the bulls the hon. member has spoken of, that is of the 2,800, are still in service. After the policy has been in operation a few years and these bulls have been established it is not necessary to change them all year by year, or even to purchase as many as you would purchase in the earlier years. The demands are not all being met in any of these services. It would require a great deal more money than I have been able to get through the house for these services if we were to try to provide for all requirements in connection with every service.

Mr. PERLEY: Would the minister give us the number of applications from Saskatchewan in 1935, 1936 and 1937, and how many bulls were supplied?

Mr. GARDINER: The number placed in Saskatchewan last year was 65, in Manitoba, 61, and in Alberta, 78. That is a year ago.

Mr. PERLEY: Will the minister give us the other years?

Mr. GARDINER: In 1936 in Saskatchewan, 70; in 1935, 101; in 1934, 123; in 1933, 97.

Mr. HAYHURST: Does that apply to all breeds? That is all the breeds are together?

Mr. GARDINER: Yes, that is the total for all breeds.

Mr. PERLEY: Following out a policy of that kind will certainly decrease the production in Saskatchewan. Only about half as many were supplied last year as in 1935.

Mr. GARDINER: 1934.

Mr. PERLEY: Just half what there were in 1934. I should like to point out another thing. The figures the minister gave us with respect to the comparison between 1936 and 1937 of the number of cattle and the number of cows give a percentage reduction in 1937 in cattle, of 29·7 per cent, and in cows, of 15·6 per cent. There was a reduction in cattle of 406,000 and in milch cows of 95,000. The reduction in milch cows amounted to about twenty-five per cent of the total reduction in milch cows and cattle.

Mr. GARDINER: From June to December 1, 1937, the reduction in cattle was 33·4 per cent and in milch cows 8·2 per cent. That is the period during which we were handling the cattle last fall.

Mr. SENN: I am in accordance with what was said by the hon. member for Dufferin-Simcoe (Mr. Rowe) about the importance of this policy and the need for better sires not only in Saskatchewan but throughout the dominion. The report of the department for the year ended March, 1937, states that each year the applications for assistance are greatly in excess of the number of animals available. I believe that animals of all breeds are purchased, and it seems almost incredible that the department could not have found more than 280 bulls suitable for this purpose in 1937. I know of many occasions on which these animals were sent to the stockyards simply because there was no market for them for breeding purposes. I cannot understand why the minister is unable to furnish more money for this purpose. Bulls for breeding are always bought in the early months of the winter, before the estimates are brought down. I am sure money is spent for many other purposes less important than this. What are the determining factors that lead the department to refuse one application and accept another, and who makes the decision?

Mr. GARDINER: Answering the last question first, the general policy is that where the department after investigation is of opinion that the persons concerned are able to and properly should provide their own bulls of proper grade and standard, the department does not undertake to place a bull in that community. The policy really applies in the more outlying districts and places where it is difficult for people to get the services of a high grade bull, and where they are beginning the establishment of herds. Once those herds are established it is not the policy of the department, and never has been, to try to do all the work in connection with raising the standard of cattle.

Mr. SENN: Does the minister suggest that all these applications from outlying districts are filled?

Mr. GARDINER: That is the basis on which they are considered. They might not be what some people would call outlying districts, but districts in which, perhaps because of difficult circumstances, people are starting in to raise such types of cattle for the first time. In connection with this vote, there is an additional amount of $5,446 which would provide for the purchase of about thirty more bulls this year than a year ago. Many of the bulls being put out this year would be purchased out of the estimates of last year. This estimate will be for purchases to be made in the winter months of this year for putting out next spring.

Mr. SENN: There comes a time in the life of every animal when it has to be disposed of. Does the department get any return from these animals when they have to be sent to the stockyards, or what disposition is made of them when the clubs are through with them?

Mr. GARDINER: While the bull is of service he is moved about from place to place; he may be with one club this year and another club next year. The department uses them very much as the ordinary breeder would. When they come to the end of the period of service they are disposed of to the stockyards.

Mr. SENN: Does the department get any financial return for them; and if so, how much? Very often an animal is purchased when it is young, and when it is old it has grown to such an extent that if it realizes a reasonable price it is worth pretty nearly as much as when bought in the first place.

Mr. GARDINER: That is true in some cases, but the great majority of them will be sold as bulls at the market price, and as the hon. member knows, that varies greatly. The market for bulls, I understand, is largely for making bologna. If there is a good market for that class of animal they will sell well.

Mr. SENN: The minister has not yet told us whether the department realizes anything from these animals.

Mr. GARDINER: Yes, we realize whatever the market price brings. I have not the figures here.

Mr. CHURCH: What I cannot understand about this department is that in one week we have the main estimates for production services, $829,000, an increase of $95,000, about ninety per cent being for the west and ten per cent for the east; then the next week the supplementary estimates are brought down with further sums for the same thing. There seems to be a total lack of business method in the department. The minister has a very large staff of inspectors, yet he cannot figure out in advance of the meeting of parliament how much money is wanted for these production services. In addition to $95,112 in the main estimates here is another $24,000 in item 489. Why is it? Is it because some more people come down and ask for additional services? A great many of the sober sensible

people in this country wonder why it is necessary to have such an elaborate establishment in the federal Department of Agriculture—inspectors for everything agricultural, but for ten million humans no proper votes at all, people dying of diseases of all kinds, and very little help from the federal authorities—only $400,000 a year. There should be some business methods in the department. It is the lack of business methods which keeps parliament meeting month after month because the government is not ready with its program. Here is this department with a very large expenditure, and almost every item in the main estimates is paralleled in the supplementaries. I am not prepared to say that the present minister is to blame, but I object to a lot of these expenditures because there is a lot of duplication of the work done by the provincial departments. Ontario has a minister in Queen's Park doing the same things. The city of Toronto had to build an abattoir and do inspection also, so that all cattle killed could be looked after by the health department of the city. Diseased meat was found and a check-up was made by the health department of all places of sale. The city of Toronto now has to send inspectors out as far as 60 to 110 miles to guard its milk supply, and the same with cattle. You have the dominion, the province and the municipality all adding to the cost of the necessaries of life. No wonder there is complaint before these commissions of over-government and over-taxation in Canada. People are inspected to death; there are about seventy-six inspectors of fruit down in Prince Edward Island, as the hon. member for Parkdale (Mr. Spence) said the other day, but there are no proper votes to guard the health of human beings. The people are inspected to death, but there are no proper health votes in regard to the health of humans. This item is to recoup the owners of cattle for their losses. If a man loses his children through some fatal disease this parliament does not give a snap of the fingers. In the main and supplementary estimates together we have three and a half or four million dollars for the health of animals. No wonder the people who pay this money are tired of having so many inspectors. These amounts provided in the main and supplementary estimates come out of the income that must be raised by taxation, and that largely comes from the industrial workers of the central provinces. They get only ten per cent of the inspection and the rest the ninety. I would far rather rely on a modern health department than on any inspectors of federal or provincial departments of agriculture. They have a small standing army of inspectors; we are falling all over them. I see them on the trains, travelling all over; I see some of them driving buggies on the highways and byways, looking at the cattle. They say to the animals, "Stick out your tongue," and so on. Is it any wonder the tax rate is going up? I saw a line up of two thousand people in the customs building in Toronto paying their income taxes just to provide fads and frills like this; one of them was the late Mr. Justice Magee, who died just last week. The income tax payers pay for all this.

What are we getting from all this? Does it help us to secure a market in Great Britain in competition with Denmark and the other countries? I would vote to strike out the item entirely if there was such a motion. In the main estimates last week there was an increase of $95,000, and now we have another increase of $24,785. That covers salaries, reclassifications and increases, travelling expenses and so on. Then we have insects; they are going to inspect insects and see if they have any diseases. We have a live stock production assistant; no doubt they need an assistant like that in Saskatchewan at the present time. Then there is a senior live stock fieldman, and $2,040 is provided for him. There is a supervising live stock fieldman; in fact there are two of them, both at $2,640, a total of $5,280. Did not the department know, when the main estimates were being made up, that these two men would be needed? We will never see them in Ontario. What do they supervise? I do not know. I suppose they supervise the inspectors; then in turn they are supervised by the deputy supervisors, and finally they come under the supervision of the department. Then we have a senior poultry fieldman; apparently a junior man would not do. There is $4,785 provided for salaries, reclassifications and increases, and the total salaries amount to $16,785. Then we have prizes, bonuses and premiums, for the star insects, the star bugs, amounting to $8,000. In my opinion this is not worth eight cents to the people who have to raise the money by way of income tax.

If this were a municipal council they would just amend these estimates by striking out the whole item. The department has had twelve months in which to get its estimates ready, and if the department did not know what it wanted it should wait until next year for this amount. I fail to see why we should have such a large department as this, with the machinery we have in the municipalities and the provinces. I believe most of these officers should be over in the health department, helping human beings. We could get

along without this department at all. Let the provinces do the work. The dominion is being governed now by the provinces; almost every time a bill comes up we have to get the opinions of the attorneys general of the provinces. Some hon. members who have sat on municipal council would call these fads and frills, and would give short shift to such matters. What insect has a better right to be inspected than the insect which drove so many children from the schools last fall and which, if you can believe what the medical associations say, will drive them away again next fall? There is not a dollar in the estimates for that. On the other hand we have these items and these increases. I do not see why parliament should deal with one of these estimates one week and another similar item the following week. Surely one item should do. Let us do something to stop this over-government and over-taxation. Here is an item which I would vote to strike out, if such a motion were to be made.

Mr. GARDINER: I sometimes think it is a good thing that human beings are not inspected just as carefully as we inspect some of the insects and animals; some weaknesses probably would be found out if that were done. In reference to these estimates coming down within a week of each other, the hon. member who has just spoken is responsible for their being at least three weeks nearer each other than otherwise would have been the case. On two or three occasions very early in the session I did attempt to bring my estimates before the house on Tuesday nights, the only nights of the week when it was possible to get them in. I well remember that on one occasion the hon. member for Broadview (Mr. Church) moved an amendment to the motion to go into supply which took up all that evening, so that it was not possible to get my estimates before the house.

That does not explain the whole matter, however. Every hon. member sitting on the front benches of the opposition knows that the main estimates have to be made up by the officials of the department in the fall of the year; that is, they are made up before the new year commences, and they are submitted to parliament very early in the session. Probably the hon. member who has just spoken was not in the house, but on three previous occasions I explained that the reason for items such as the one under consideration was that a reorganization was going on in the department and that as a result of that reorganization a reclassification of the whole service was being made by the civil service commission. Because of that we were not able to put into the main estimates all the items with regard to staffs resulting from this reorganization. Many items of that kind appear in the supplementaries.

The item now under discussion, having to do with live stock and poultry, makes provision for just such things as we have been discussing this afternoon. I have noted that all hon. members who have spoken, with the exception of the last hon. member, have held the opinion that an even larger amount should be expended under these particular estimates. I quite agree that we could do double the amount of work if we could get sufficient funds, and we could do it to good advantage. At the same time I realize that there is some force in the argument of the last speaker that we should not devote to agriculture too great a proportion of the money that is available from taxation. I should like to see the amount much greater than it is, but other ministers in charge of other departments consider their work just as important for the welfare of Canada, and of course they must have their proportions of whatever amount we feel it is proper to take from the people by way of taxation in any one year.

With regard to the question whether we are dealing with humans or merely with animals, I do not think there is an item anywhere in the expenditures for production services which does not relate closely to the human being. We investigate matters concerning insects because we know a maggot in an apple may affect its sale to the human being in Great Britain or Canada. The same applies to insects which attack potatoes, wheat or any growing crop. We investigate these matters so that the food of the human being may be preserved, and so that our farmers may be in a position to produce to better advantage.

In so far as animals are concerned, may I say that votes having to do with the health of animals are made because of their effect upon the health of human beings. We attempt to destroy tuberculosis in animals because we know the bovine tubercular germ can be transferred to the human being. That, again, is one of the chief reasons why we attack Bang's disease. Another reason is that Bang's disease affects the production of the animal. One could go right through the whole of the work done by the department in connection with diseases in live stock and cereals and one would find that all of that work is related to the human being, either because we are producing something by which the human being is fed or because the disease may have an effect upon his health. I believe it is unnecessary to dwell further upon this matter, more than to say that the work done in the Department of Agriculture is supplementary

to that done in the federal Department of National Health and the provincial departments of health.

Mr. ROWE (Dufferin-Simcoe): The minister was interrupted when he began answering my question of a few moments ago concerning the progress made in advanced registration under the administration by the advanced registry board, of pure bred sires and swine. I believe a record of the performances kept by the registry board is most essential in live stock production.

Mr. GARDINER: The r.o.p. record for cattle, effective throughout Canada, provides for official supervision of production records of pure bred dairy cattle. It is only by the establishment of such records that individual sires for the development of grade herds can be determined. The record as to the number of cows tested is as follows:

April 1, 1932	11,392
April 1, 1933	11,684
March 1, 1934	12,466
April 1, 1935	12,580
April 1, 1936	13,807
April 1, 1937	15,020

The figures for herds under test are as follows:

April 1, 1932	1,578
April 1, 1933	1,500
March 1, 1934	1,634
March 1, 1935	1,652
April 1, 1936	1,716
April 1, 1937	1,805

Mr. ROWE (Dufferin-Simcoe): What proportion of them were issued certificates?

Mr. GARDINER: The advanced registry is based on these figures, and there is a special report issued which I have not before me.

Mr. ROWE (Dufferin-Simcoe): What does the government do to encourage advanced registry?

Mr. GARDINER: We give a grant of $5,000 to the organization.

Mr. PELLETIER: Is it usual to issue a certificate of health before animals are exported?

Mr. GARDINER: Yes; there has to be a certificate for all breeding stock exported.

Mr. PELLETIER: Who is in charge of that work in Quebec?

Mr. GARDINER: The work is conducted under Doctor Hilton of the health of animals branch. Doctor Langevin is in charge in Quebec.

Mr. PELLETIER: Has the minister received any complaints about the work performed by Doctor Langevin in Quebec?

[Mr. Gardiner.]

Mr. GARDINER: Yes; there were complaints. On one occasion he was suspended for a short time, and later reinstated.

Mr. PELLETIER: If the nature of his offence warranted suspension, why was he re-employed by the department. If his work was not satisfactory at one time, what provision was made to ensure that in future it would be carried out properly?

Mr. GARDINER: It is common procedure in the department to suspend men against whom complaints have been made, while investigations are being carried on. Sometimes during the early stages of an investigation we are satisfied a man should not be permitted to act until we have completed all inquiries. If we satisfy ourselves later on that he may proceed to do the work satisfactorily, he is reinstated.

Mr. PELLETIER: I understand that in this particular instance serious complaints were placed before the minister concerning the work done by this official. In one instance it was impossible to find him when he was needed to inspect certain cattle to be exported. The result was that these cattle had to face outdoor conditions, and remain in the yards. An investigation was held, and I believe a report was made to the minister. I was wondering if the minister had gone to the trouble of asking the Royal Canadian Mounted Police for the report of their investigation, and thus assure himself that he had all the information in the matter.

Mr. GARDINER: We had all the details respecting the incident. As I recall it, there was no complaint with regard to the work done by the official; rather there was a complaint concerning a dispute he got into with some people, and a complaint as to his actions at the time of that dispute. There was no complaint with regard to his work. We had full inquiries made and satisfied ourselves that he should be given another opportunity to hold his position.

Mr. PELLETIER: Was that decision reached after a second complaint had been received, or as a result of the first one? My information is that there were two serious infractions which resulted in heavy loss to certain farmers in the district. No doubt the minister is familiar with the circumstances. However, that particular instance was permitted to pass without notice being taken, and it was in connection with the second incident he was suspended. Did the minister receive

a copy of the report from the Royal Canadian Mounted Police who investigated the case, or did he act simply on the advice given by Doctor Hilton at Ottawa?

Mr. GARDINER: I saw all the reports made by any one who investigated the case, including the police.

Mr. PERLEY: How many bulls came through the department under the live stock marketing scheme which operated in Saskatchewan last fall?

Mr. GARDINER: We have no record of that. They were not classified as bulls. All cattle under that scheme were classified as canners, cutters, cows and heifers for breeding purposes, and feeder cattle. Bulls would be sold on the market at the regular prices of butcher cattle.

Mr. ROWE (Dufferin-Simcoe): The government should consider giving greater assistance to the cattle industry in connection with the breeding of stock. I understand the government still has a swine policy, known as the brood sow policy.

Mr. GARDINER: Yes.

Mr. ROWE (Dufferin-Simcoe): I commend the government for the assistance given in swine production through the advance registry board and other means, but so far as the cattle industry is concerned it seems to be a more or less haphazard policy. We have heard about the bull loaning policy, but this seems to apply only to certain districts. If we are to have greater uniformity and a higher standard in our production, we must have a policy that applies more generally throughout the dominion. Some outlying districts have a few of the cheaper type cattle; others have excellent herds, but we should have a general policy that will give stimulus to the production of better live stock. I suggest to the minister that he should consider adopting a policy of sire assistance. Under the present bull loaning policy it is possible that you may have in close proximity to your club a live stock breeder still using an inferior sire. This practice affects the production of the whole district and brings down the market. There is a mixing of poor quality stock with the better stock produced under the bull loaning policy.

I believe it would be a better policy to provide assistance to any farmer who wishes to buy a good sire. Our farmers would be given encouragement to eliminate their scrub sires and replace them with pure bred stock which had been inspected and accredited by the government. I am not censuring the department for continuing the policy that has been in vogue; I am not condemning the minister and his able officials for the efforts they have made to improve our live stock industry, but I do feel that very slow progress has been made in connection with our cattle industry. The government has very little to show for the assistance which has been given in the last year or so. I have no desire to make a comparison with what was done in 1933 and 1934. The number of bulls bought for loaning purposes in those years was slightly larger than the number purchased in 1936 and 1937. The minister has pointed out certain reasons for this difference. The hon. member for Haldimand (Mr. Senn) has pointed out that certain of these sires are put up for sale, and it is quite reasonable to assume that the proceeds of these sales might relieve the department of any great expense in continuing this policy. The present policy is sectional; it assists only a certain class of farmers in the outlying districts who could be assisted just as effectively under a broader policy. As the hon. member for Haldimand has pointed out, many pure bred cattle are being sold as ordinary cattle. If we had an effective policy of providing assistance for the purchase of pure bred sires, it seems to me there would be a greater improvement in our standard. We would be able to develop a uniformly higher grade in this industry.

I suggest to the department that during the forthcoming year consideration be given to adopting a broader policy. In many districts in Ontario, in fact not far from my own district, many pure bred cattle are being shipped for slaughter. Pure bred bulls are being sold at butcher prices when farmers in the same districts are producing a most inferior type of cattle. Sometimes this is on account of their lack of judgment; they assume it to be their own business; but if we are going to compete with countries that have a more rigid enforcement of their laws and regulations, this practice must cease. Perhaps it is too much to suggest to this or any other government that there should be an absolute elimination of scrub sires in this dominion. Perhaps that drastic step cannot be taken in this country as it has been taken in certain others. It may not be considered wise to license producers in Canada as has been done in other countries, but I think we could develop a policy that could be applied more generally. We should have a policy that would be available to Tom Smith and Bob Jones, a policy that would be available to everyone. As the hon. member for Haldimand has pointed out, the

present policy seems to be applied in some districts and denied in others. I am not saying it is denied for political reasons; the reason is perhaps that the department cannot afford to buy a sufficient number of pure bred sires. With a proper policy the average farmer would be encouraged to get rid of his scrub sire. With a very little outlay on his part he would be enabled to obtain a pure bred sire.

I do not think the department should be asked to provide absolutely free services to any club under a bull loaning policy. However, the members of these clubs should be given an opportunity of purchasing a sire of an accredited standard at a cost slightly higher than they would pay for a scrub sire. We could have a system of premiums, similar to that already used in the sheep and hog industries. I believe in the hog industry. I understand that under the government's breed sow policy, if a club has fifteen pure bred sows they get the use of a male hog free. Is that not right?

Mr. GARDINER: Yes.

Mr. ROWE (Dufferin-Simcoe): I commend the department for that to a degree because it is going a long way. If a farmer has the assistance of the government under that policy, he can take his own inferior type of hog to market and bring back, after careful inspection by the department, a pure bred female at no cash outlay of his own; and a similar policy with reference to the male is going a long way in cooperating with the farmer and the producer.

If a similar policy were put into effect in the cattle industry, it would mean millions of dollars annually to the dominion. I do not think an expenditure of this kind can fairly be compared, as one hon. member suggested, with expenditures for health inspection. It is really not an expenditure in the sense of some other expenditures, but rather an investment. The oldest live stock producers in this dominion appreciate the value of good herd sires, and on many occasions, as the minister knows, they have paid half the price of their total herd for a high grade sire. Whether it is for the production of pure bred sheep, swine, cattle or horses, a pure bred herd sire is most essential, and no farmer can continue to produce beef at a profit to-day—I will go that far—if he uses a scrub sire. It is unsound, uneconomical and extravagant. Any money spent by the department to encourage the use of pure bred sires should be regarded not as an expenditure but as an investment, and no greater assistance could be given to this important branch of agriculture than the inauguration of a policy that could be generally applied throughout the dominion so that cattle producers in every province who so desired might secure pure bred sires. On the other hand the minister knows full well, from his own knowledge as a farmer and from his knowledge of the department, that there are hundreds of producers of pure bred cattle throughout the dominion who find great difficulty in getting rid of their sires. I do not mean that a special policy should be put into effect for producers of pure bred live stock, but I do submit in all sincerity to the minister and the committee that if you discourage the production of pure bred and better live stock you break the very backbone of the live stock industry in Canada.

I therefore submit, Mr. Chairman, that a policy such as I suggest would cut both ways. It would not only assist the farmer to produce better live stock but encourage the pure bred cattle raisers to continue in the business. I am sure the minister is aware that to-day there are many live stock producers in the dominion, especially producers of pure bred beef cattle, who are having a very difficult time, and I know of nothing more discouraging to a live stock producer of pure bred cattle who has spent years and years in the study and production of a special strain of cattle, a strain that he and his parents before him may have studied and improved for fifty years, than to see five or six excellent young pure bred sires being sent to the market at only so much per pound, while as he drives along the road he sees at the same time scrub sires kept for breeding purposes, lowering the standard of production that he is encouraging to raise throughout the country, and thereby helping to destroy the market by destroying what I might call the national grade of the product we export.

I hope the minister will not feel that I am for a moment critical of the progress he has made in the department in this regard, because I am critical of the lack of progress that has been made under all governments during the last fifteen years. We watched our live stock markets slipping away from us from 1920 to 1930, and during all that period very little improvement was made in the live stock industry in Canada in comparison with the progress made in other countries. Independently of the political effects on his party—and, indeed, it would be all to their advantage—I do submit to the minister that serious consideration should be given at this late date to improve generally the cattle industry of Canada.

I shall say nothing further with regard to the markets we have lost. I think we have all kept pretty closely to the issue before the chair; but I submit that the production of better live stock and better cattle is at the very basis of our production of a more uniform and higher standard of beef as well as dairy products. There has been more progress made in the last year or two, especially in Ontario, and in western Canada, I believe, in the improvement of dairy herds by the advanced registry for dairy sires. While considerable progress has been made in that direction, I would strongly urge the government to reconsider its whole bull loaning policy and reinstating in its place a policy of assistance which can be generally applied, and from which therefore we can expect more general benefits, assisting not only in the production of better live stock throughout the dominion but in accomplishing the several other purposes I have mentioned.

Mr. HAYHURST: I should like to concur in some of the remarks made by the hon. member for Dufferin-Simcoe (Mr. Rowe). From observations I have made in different parts of the country I know that beef clubs which have been established in the past have done good work, but difficulty has arisen in this way: The farmers in certain areas would sometimes get discouraged, and then we found that the original policy was not carried forward. A club would sometimes start with a shorthorn sire, for example, and probably a few years later turn to an Aberdeen-Angus, then to a Hereford, and perhaps wind up with an Ayrshire or something of that kind, and then we would have a mixture and the scrubbiest of scrubs left, although the club might have started with the finest of intentions. The farmers in certain areas do not seem to realize that something should be done in the direction of the line breeding of cattle, and this applies to all animals. I have had considerable experience in these matters because I have been secretary of different farm clubs, which have had at different times sires of different breeds. This applies to both horses and cattle. The club may have started out with percheron horses or a shorthorn bull; yet years afterwards we have seen all the good work which had been started in that way spoiled by the introduction of another breed of animal entirely, and the countryside would be littered with breeds of animals entirely different from the type with which the club started. Thus the good work which has been started has been nullified.

Therefore I should like to recommend to the minister and his department at this time, when rehabilitation, especially in the west, is taking place, a policy of line breeding by community organizations, to be developed into larger districts, something like the county system which prevails in the old country, where probably two or three counties will raise shorthorn cattle, and others, which are near to large cities, will probably raise dairy cattle. Thus we would have better breeds, more uniform types from various areas, and premiums paid upon them. This seems a most opportune time to carry out a program of this kind, because we find the price of October wheat futures is down to seventy-eight cents, and if wheat goes down and the coarse grains market goes down with it, as it likely will with the large crop that is now predicted, there is going to be an abundance of feed, and we shall have fewer cattle in the west at a time when we should have large numbers. These conditions, of course, have been brought about by causes over which we have no control. However, the fact is that they have created a situation which requires dynamic direction. Throughout the west our organizations, possessed with a new vitality, will go forward in response to direction. They have made mistakes in the past, but they realize what can be done in the future. The Department of Agriculture, with a rehabilitation program ahead, and with a policy of line breeding such as I have suggested, suitable to certain localities, is in a position to encourage this kind of work.

By a follow-up policy we should encourage the good farmers, those farmers who are the back-bone of the country, who raise excellent stock, by giving them a fairly good price for the good stock which they raise. We should encourage them to go on with their work and should thereby stimulate the building up of good communities wherein farming would become profitable. As all hon. members know, farmers in the past have suffered greatly, and their remuneration has been very low. Unless a definite policy of mixed farming is now inaugurated, the country will probably suffer more in the future than it has done in the past. I recommend this development, knowing the minister has thought the matter over, but it has been brought to my attention in so many localities in which I am vitally interested that this would seem an opportune time to present it again and to urge that the department go forward with this policy.

Mr. BENNETT: The province of Alberta has long been famous for its production of pure bred cattle. While I cannot speak as an authority, I desire to direct attention to

one phase of this matter as supplying a reason why, even in difficult times, we endeavoured to purchase as many pure bred cattle as possible so that the production should not cease. The minister must know that the spring sales of pure bred bulls held in Calgary have attracted the notice and attention and purchasing power of people from every part of the country. If production falls off because of lack of markets, it takes a long time to restore the market. The government by reason of its purchases has become rather an important factor in the development of the industry. We have bought from year to year in this country from two to five hundred, and sometimes it has not been easy to find the money. But now, in days of expanding revenues, it seems to me that an additional ten or twenty thousand dollars might readily be found for the purpose of providing pure bred stock and the encouragement of those who are engaged in that industry.

Mr. GARDINER: It has gone up $5,400 this year.

Mr. BENNETT: I know. Probably $5,400 means the purchase of between forty-five and fifty head.

Mr. GARDINER: About thirty or forty.

Mr. BENNETT: Yes. The price has gone up from the period of great depression. The average price was about $125, and I think it has gone up to nearly $140 now.

Mr. GARDINER: One hundred and forty-five dollars, I think.

Mr. BENNETT: That would, as the minister says, involve the purchase of less than forty head. I do not think I can exaggerate the importance of it from the standpoint of the breeder. This purchase by the dominion seems very small; in one sense it is; but it has had a marked effect upon the whole industry in Alberta. It was frequently brought to my attention by those engaged in trying to maintain a very high standard of excellence, that they found this market of tremendous importance, not alone because of the number purchased, but because it gives importance to the industry to have the country as a country making purchases for the purposes which have been indicated here this afternoon. I do not think it is too much to say that the assistance thus given by the government did much to maintain not only a high standard of excellence but the very industry, the pure bred industry itself in that province. I hope the minister may yet be able, if further supplementary estimates are introduced, to bring in an additional sum sufficient to acquire another fifty or sixty head of cattle this year. That would still limit the total purchases to less than four hundred. I believe that somewhere in the vicinity of three hundred have been acquired, if I followed the figures this afternoon. With the additional $5,400 available, the total purchases would be less than three hundred.

Mr. GARDINER: Less than three hundred and fifty.

Mr. BENNETT: Less than three hundred and fifty at the present minute, and I think that if we could bring the number up to four hundred it would be very desirable. Not only from the standpoint which has been so admirably presented to the committee, to which presentation, with my limited knowledge, I could not hope to add, but from the standpoint of the industry as such, the maintenance of the industry, the preservation of the morale of the producer and the incentive to those who have taken a just pride in their production, I urge the minister to consider the possibility of providing for an expansion of purchases. I realize of course that they would not all be made in Alberta; but some of them would, and the fact that some of them were made in that province would be extremely helpful in maintaining and supporting an industry whose value has not, I think, been overstated by my colleague to the right in the very strong plea he made this afternoon for the assistance of the industry.

Mr. GARDINER: I should just like to say, with regard to the remarks made by the leader of the opposition, that we in the department realize the importance of this work. One phase of it probably has not been emphasized. It will be noted that the average price in 1933 was $121; in 1934, $129; in 1935, $132; in 1936, $133; and in 1937, $143.

Mr. BENNETT: Lack of purchasing power in the dark days of the depression, clearly.

Mr. GARDINER: That is true. And there is this to be kept in mind, that when the government goes to these sales to purchase cattle it has a considerable effect upon the price. I think there is a limit to what the government ought to do in that direction, because if we raise the price we may make it impossible for some people to buy bulls. There is much in what has been said as to the necessity for distributing more and more of these bulls, but we have to consider both aspects of the matter in making our purchases.

Mr. SENN: I should like to second very heartily what was said by the hon. member for Dufferin-Simcoe (Mr. Rowe) and the hon. member for Vegreville (Mr. Hayhurst) as well as the leader of the opposition (Mr. Bennett) as to the benefit to be derived from the further distribution of pure bred sires. One has only to go to the Toronto stockyards and look at the cattle gathered there from day to day to realize the very great need for better sires in this province as well as throughout the dominion generally. A large proportion of them are nondescript animals. It is often difficult for a farmer who wishes to buy a carload for feeding purposes to get them of uniform grade. Assistance or encouragement of some kind should be given to farmers to carry on line breeding to a greater extent. At the Toronto stockyards one sees cattle of no breed, animals that are a mixture, and degenerated to such an extent that they are not profitable to raise and not only bring very little return to the farmer but bring the whole cattle industry into disrepute. It would be well if we could have some zoning arrangement by which certain breeds could be found in one particular area—dairy cattle in one, shorthorns in another, and so on. It is essential to encourage as much as possible the breeding of pure bred cattle. Breeders of such cattle have not enjoyed much prosperity in recent years. They have often had to sell them at a sacrifice, particularly the male animals. If the government could take a few more of these pure bred animals off the breeders' hands it would be a great help, and would encourage them not only to carry on but to breed better and better animals. They are the backbone of the live stock industry; they supply the foundation stock for better herds.

Then I wish to refer to the sow distribution policy. I do not know how the government is finding these animals at the present time or where they come from. A good deal of fault has been found by breeders of pure bred swine with the practice of getting these sows from the stockyards. I do not know whether that is carried out at the present time or not.

Mr. GARDINER: Yes, that is the way they are secured, from the stockyards.

Mr. SENN: I protest against that system. They may be bought at a little lower price, but what encouragement is given to the breeder of pure bred swine? A large proportion of every litter are sows, and if he cannot sell these for breeding purposes, and the farmers in the district are being provided with "mill-run" sows from the stockyards—

Mr. GARDINER: They are selected, but they are grades; we do not attempt to select pure bred sows.

Mr. SENN: A lot of them are good animals, but it places the swine breeders at a disadvantage. When they have good animals that they have gone to considerable expense and trouble to raise, it is discouraging to have to send them to the stockyards to be sold at no premium over ordinary stockyard prices. I think the department would be well advised to discontinue that practice. If they wish to furnish farmers in the country districts with breeding sows, they should purchase them from the breeders of pure bred animals who have spent their time and money in building up good herds of swine. They can get these good animals in any quantity.

Mr. PERLEY: I wish to endorse what has been said by the last two or three speakers. I would urge the minister to have a thorough survey made of the situation in Saskatchewan. Saskatchewan breeders have been as hard hit as any in that branch of the industry anywhere.

Mr. GARDINER: If I may interrupt, I promised some hon. members of the opposition that I would bring up certain items today, and I think the question which is now being discussed could be better discussed under those items than under the one we are now discussing. I therefore suggest that this item be allowed to stand, and that we take item No. 477.

Item stands.

Special—To provide for the payment of freight on the return of live stock and equipment from places of feed supply to the dried-out areas in the provinces of Saskatchewan and Alberta, $100,000.

Mr. BENNETT: This would seem to be an appropriate place to ask the minister for some information which I cannot expect him to provide at this moment, but which I trust will be made available to the committee before the item is adopted. What quantity of hay and fodder did we import into Canada from the United States? What price per ton did we pay for it? What number of bushels of oats and other grains did we import from the United States? What number of bushels of wheat did we import from the United States? What were the prices paid per bushel for oats and for wheat? What was the cost of transport from the United States to Canada paid by this government for all this feed and fodder?

A further question is: Have these been actually paid? I have received complaints that hay supplied from Manitoba to the

government has not been paid for. I assume that cannot mean the federal government. I am also informed that other obligations which have been created in connection with relief granted in Saskatchewan have not been paid, and that some of the corporations which provided supplies have been unwilling to take further treasury bills in payment.

As I said, I do not expect answers to these questions now, but they will be on Hansard, and if the answers are not at once available, the minister will have an opportunity to provide them when the item is next considered. I mention this now because it seems to be an appropriate place, although possibly something might also be said under the next item, No. 478. But this is the information which I am particularly anxious to secure.

Mr. GARDINER: That would properly come under item 478.

Mr. BENNETT: No; that only deals with three months.

Mr. GARDINER: The item we are now considering only has to do with the payment of freight on the return of live stock and equipment from places of feed supply to the dried out areas in Saskatchewan and Alberta. This has nothing to do with the purchase of feed and fodder itself. It is true that the next item covers only a period of three months, but that is the only item left. We covered the rest under warrants earlier in the session, so that would be the only place it could be discussed now. I could secure most of the information asked for; I am not sure that I could secure it all. The provincial government is handling that.

Mr. PERLEY: Could the minister inform us how much was paid each of the railway companies, the Canadian National and the Canadian Pacific?

Mr. GARDINER: No, I am not in a position to give that information. That would have to be obtained from Regina. This amount is paid to Regina to assist in doing that work.

Mr. PERLEY: This amount is paid to the provincial government, which disburses it as it sees fit?

Mr. GARDINER: The accounts are submitted by the provincial government to the federal government and the money is advanced by this government to make the payments.

Mr. PERLEY: How many applications were made by farmers to ship their stock to winter feeding grounds, and how many permits were granted?

[Mr. Bennett.]

Mr. GARDINER: I have not the particulars for Alberta, but the outward movement of live stock from the drought area of Saskatchewan last year was as follows: 19,000 horses, 23,000 cattle, 9,300 sheep. Of those, 10,200 horses, 5,400 cattle and 8,000 sheep have been returned. There were 555 haying outfits shipped out, of which 342 have been returned, leaving 213 not yet accounted for by returns.

Mr. PERLEY: Why were they not returned? I notice there is a very considerable difference between the number of horses and cattle sent out and the number returned. Would the minister tell us where the horses and cattle sent out for winter feeding were shipped? Were they all sent to the Carberry feeding grounds or were they distributed to other points in Manitoba?

Mr. GARDINER: There were 19,000 horses shipped out and 10,200 returned; 23,000 cattle shipped out and 5,400 returned; 9,300 sheep shipped out and 8,000 returned to date. In the first instance the agreements were made up to March 31, which is the end of our financial year. In previous years that date has been extended, and that was done this year as well. On request the date for return was extended to June 30. Horses that are not required, young horses not needed for work just now, may be left on the pasture; cattle that are not required except for feeding purposes later on, and cows calving, will be left until the pastures at home become good enough for them to be turned out. All the stock that will be returned has not come back yet, and of course it sometimes happens that all the stock shipped out does come back.

Mr. BENNETT: Some of them die, I take it.

Mr. GARDINER: Some of them die and some are slaughtered, as a matter of fact; they find it better to slaughter them in Manitoba than to bring them home and ship them from there.

Mr. PERLEY: I have received complaints in regard to a man living in Khedive, Saskatchewan, who shipped cattle to the feeding grounds and was not permitted to bring them back this spring when he wanted them. He was allowed to bring back his horses and his haying equipment, but for some reason he was not allowed to bring back the cattle. Was there any rule or regulation governing that, or what would be the reason?

Mr. GARDINER: There is no regulation in that regard, but I presume if the authorities knew, from the fact that they had been shipping feed into that area, that there was

not sufficient feed there for the stock if it should be shipped back, they would notify the individual that it was not wise to bring it back. They had paid the cost of shipping the stock out in order to avoid having to ship in feed and fodder, and they would not want the farmer to bring the stock back until there was feed available without its being necessary to bring in feed at a high cost.

Mr. PERLEY: Then we may expect quite a number to be returned in June? Will there be a further amount required or will this cover the entire movement?

Mr. GARDINER: This is intended to cover all the return shipments after March 31. This is expected to cover the full cost of the shipments.

Mr. ROWE (Dufferin-Simcoe): I do not want to hold up this item, but in connection with shipping live stock to Ontario, say, are there special freight rates provided for breeding stock shipped during the whole year for feding purposes, or are they in force just in the fall? For instance, there is a good deal of breeding stock in the dried out areas, pure bred cows and young breeding stock, that the farmers of Ontario might be ready to purchase, and I believe there are special freight rates—

Mr. GARDINER: Down to December 31.

Mr. ROWE (Dufferin-Simcoe): But is there not a special freight rate in addition from the dried out areas?

Mr. GARDINER: No, this freight rate applies to the dried out areas only, and it applies on feeder cattle and young female breeding stock up to five years of age. It does not apply to any other stock. It is half the freight rate, provided the person who brings it east keeps it for three months.

Mr. ROWE (Dufferin-Simcoe): Then on pure bred live stock the present freight rate is half the normal rate?

Mr. GARDINER: Yes, any time and any place.

Mr. ROWE (Dufferin-Simcoe): So that it would travel on one-quarter fare from the dried out areas.

Mr. GARDINER: No, I understand there was no special provision for pure bred stock. They came down on the half rate.

Mr. ROWE (Dufferin-Simcoe): Then I would recommend that the government should give consideration to the matter, in view of the fact that there are special freight rates provided when shipping to other districts. There would be considerable sale for pure bred breeding stock in Ontario and, I presume in Quebec, from the pure bred herds of western Canada.

Mr. GARDINER: We do not recall any instance of its having been done, but I believe under the regulations as they are we could do as the hon. member suggests. I believe the regulation provides that we pay half the freight.

Mr. ROWE (Dufferin-Simcoe): I think you could do it, too.

Item agreed to.

To provide for feed and fodder relief in the dried-out areas and to provide for direct relief in the dried-out areas for the months of April, May and June 1938, $2,000,000.

Mr. BENNETT: Probably under this item the information I seek could be made available, because we might as well deal with it now as when the supply bill is in committee. I am not expecting that the information will be provided now, but it seems to me the item should stand until we get it. The questions which arise in connection with the item are these: From what sources are feed and fodder for these months being obtained? Do we pay the money ourselves, or do we merely hand it to Saskatchewan to pay? I notice that we had an inspector at Valley City, North Dakota, in the person of W. Hagerty of Moose Jaw, Saskatchewan, at $125 per month. He drew $640.94 for expenses during that period of four months. I notice that at Thief River Falls, Minnesota, Mr. O. Parker of Valjean, Saskatchewan, was employed at $125 per month, and that in seven months he drew $1,822.34 for expenses. At Crookston, Minnesota, Mr. Andrews, of Cravan, Saskatchewan, was employed at $125 per month, and in five months he drew $1,590.61 for expenses, or a sum at the rate of something over $300 per month or $10 per day. At Breckenridge, Minnesota, Mr. J. W. Rose, of Markinch, Saskatchewan, was employed at a salary of $125 per month, and in twelve months he drew $1,531.51 for expenses.

These inspectors were apparently supervising our purchases in the United States. Are we merely handing over $2,000,000 to the provincial authorities for these months, or have we assumed any responsibility for the payment of the supplies purchased during that period? I should like to know also from what quarters the feed and fodder have been acquired—what from the United States and what from Canada and from what parts of Canada. What payments per ton or per bushel were made for the supplies thus obtained? How were the sellers selected, and by whom?

Mr. GARDINER: I would have to get a considerable part of the detail from Regina.

Mr. BENNETT: I wanted to know that.

Mr. GARDINER: The persons whose names have been read are some who have been employed as inspectors at different points. I believe two returns asked for by the hon. member for Qu'Appelle have given that information. The first one gives a list of names, and the second gives the salaries and expenses. The payment is at the rate of $125 per month, and the expenses vary from $200 to $300 per month, depending on the area in which they were serving. A man serving in Winnipeg would have a higher expense account than one serving at a smaller point. The greater part of the expense is made up of travelling by motor car at so much per mile. Most of the inspectors have had experience either as elevator men who purchased grain and handled commodities of this kind, or as practical farmers. They were sent to the points at which purchases were being made in quantities, and they graded and inspected the product after the provincial government had made the purchase. That is, the provincial government made purchases of hay, straw or grain as the case might be, and notified our department that purchases had been made at such and such a point from such and such a person. One of our inspectors would go to that point and grade the hay. Following that he would inform us what the grade was, and from that information we got the value per ton.

Mr. BENNETT: Who made payment?

Mr. GARDINER: I shall cover that point as I proceed. When the province notified the department we had inspections made and had the hay graded and priced, as set out in the agreement with the province. The price could not be more than $8.50 per ton. If more than that amount was paid we did not pay any more. That was the limit we had to pay under the agreement for No. 1 hay. Then, it was graded down to lower grades at $6.50.

Mr. BENNETT: Was that f.o.b. cars at point of shipment?

Mr. GARDINER: Yes, f.o.b. cars at point of shipment. Costs of baling and that sort of things were taken out. Then the freight was added to that price at the point of shipment, and that freight would be checked. When the provincial department had all their accounts made up in accordance with the transaction they submitted them for payment to the federal government. We had four or five officials at Regina connected with the branch of the comptroller of the treasury.

Mr. BENNETT: That is, the comptroller of the treasury had officials there?

Mr. GARDINER: Yes, he had officials there to check these accounts. They were all checked and if found regular the amounts of money to cover payments were then advanced to the provincial government.

Mr. BENNETT: Whose cheque was issued in payment?

Mr. GARDINER: The dominion government's cheque was issued in payment to the province, and then the province paid it out in smaller amounts to the individuals. I believe it was paid by the province.

Mr. BENNETT: That is what I was anxious to ascertain.

Mr. GARDINER: That was all checked by our auditors as well as by auditors of the province.

Mr. BENNETT: Because complaints have been made that the persons who supplied fodder in Saskatchewan have not received their payment. That is why I am asking how payment was made.

Mr. GARDINER: Of course there have been cases all the way through in connection with the handling of feed and fodder in this and other years where disputes have arisen between individuals. Sometimes those disputes have been in connection with grades. Our officials would grade a product on the ground; but anyone who has had experience with the baling of hay knows that if you pack snow or ice with the hay there is a possibility of its spoiling. The question then arises at the other end, when it reaches its destination, as to whether payment should be made. There have been cases where payment has been held up either as a result of the condition of the fodder when it arrived, or because of grade, or for some other reason which has caused dispute between the two parties. I would say however that that has happened only in a small proportion of the total number of cases.

Mr. BENNETT: The minister said he was uncertain whether these payments were made by the dominion to the province for the entire quantities of supplies. Take the purchases of feed and fodder for the month of April. Our dominion inspector would certify that everything was in order. What would happen then?

Mr. GARDINER: The province submits an account for the total amount that should be paid up to that date. Our auditor then checks the accounts—I understand that he has been able to check them inside of twenty-four to forty-eight hours after receiving them—and if he is satisfied, he notifies Ottawa and Ottawa advances the amount necessary to cover those particular accounts. The auditor checks further in order to see that the money goes to pay those accounts and not something else.

Mr. BENNETT: That is what I was anxious about.

Mr. GARDINER: I do not think there has been any difficulty about that, either in Alberta or in Saskatchewan.

Mr. BENNETT: I have had complaints that men in Manitoba have not received their money.

Mr. GARDINER: There is just a possibility that the complaints you speak of may be provincial in character. There is what is called a federal and a provincial area. The province carries on transactions with money it itself is handling, apart from what we put up. There may be some difficulty with payments, but I do not know of any.

Item stands.

Progress reported.

THE ROYAL ASSENT

A message was delivered by Major A. R. Thompson, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, His Honour, the deputy of His Excellency the Governor General, desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, the house went up to the Senate.

And having returned.

Mr. SPEAKER informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name the royal assent to the following bills:

An Act for the relief of Dorothy Dean St. Clair Ross.

An Act for the relief of Frances Margaret Stewart Butler.

An Act for the relief of Agnès Le Blanc Archambault.

An Act for the relief of Louise Anderson Lindsay.

An Act for the relief of Kathleen Helen Frances Penfold Findlay.

An Act for the relief of Mary Esther Wahl Watt.

An Act for the relief of Eva Grace Barlow Sunbury.

An Act for the relief of Irene Marjorie Wiseman Litwin.

An Act for the relief of Lorraine Olive Lafontaine Caron Pilot.

An Act respecting the Canadian Pacific Railway Company.

An Act respecting Révillon Frères Trading Company, Limited, and to change its name to Rupert's Land Trading Company.

An Act respecting a certain Trade Agreement between Canada and Hayti.

An Act respecting a certain Trade Agreement between Canada and Guatemala.

An Act respecting The Canadian and British Insurance Companies Act, 1932.

An Act to amend An Act respecting The National Battlefields at Quebec.

An Act to amend the Royal Canadian Mounted Police Act.

An Act to assist in the alleviation of Unemployment and Agricultural Distress.

An Act respecting the Canadian National Railways and to provide for the refunding of matured, maturing and callable financial obligations.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1939.

On motion of Mr. Gardiner the house adjourned at 5.57 p.m.

Thursday, May 26, 1938

The house met at three o'clock.

REPORTS OF COMMITTEES

Third report, and fourth and final report, of standing committee on railways and shipping owned, operated and controlled by the government.—Sir Eugène Fiset.

Third report of standing committee on miscellaneous private bills.—Mr. McPhee.

OYSTER BED LEASES

PETITION OF ELLSWORTH GILLIS RESPECTING ASSISTANCE TO LEASED AREAS IN P.E.I.

Mr. A. E. MacLEAN (Prince): I move that the petition I laid on the table of the house the day before yesterday be now read.

Mr. SPEAKER: I am informed that this is the same petition that was presented by the hon. member last week. I believe it was read previously.

RAILWAYS AND SHIPPING

REFERENCE OF ITEMS IN SUPPLEMENTARY ESTIMATES TO COMMITTEE OF SUPPLY

Hon. CHARLES A. DUNNING (Minister of Finance) moved:

That items 633, 634 and 635 of the supplementary estimates, referred to and approved of in the third report of the standing committee

on railways and shipping owned, operated and controlled by the government, be referred to the committee of supply.

Motion agreed to.

VICTORIA DAY

INQUIRY AS TO MAIL DELIVERY IN THE CITY OF HAMILTON

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): In view of the fact that there will be no mail delivery in the province of Quebec to-day, and as it is a statutory holiday in that province, why was there one full letter carrier delivery in Hamilton, Ontario, on May 24, which was also a statutory holiday?

Hon. W. D. EULER (Acting Postmaster General): Mr. Speaker, the hon. member's question is no doubt based on a reply I gave yesterday to a question by the hon. member for Quebec-Montmorency (Mr. Lacroix). I had not had notice of the question asked yesterday, and I stated I was not quite sure of the facts. I should have said, however, that to-day there will be no carrier delivery in Quebec city, that there would be full delivery in the cities of Montreal and St. John, and a partial or no delivery whatsoever in other places, according to the discretion to be exercised by the postmasters at those various points.

With regard to the one delivery on May 24 in the city of Hamilton may I say that the course taken there was the one followed generally throughout the whole of Canada. Ascension day is not a statutory or legal holiday, but it is observed generally as a religious day in the province of Quebec. For that reason discretion was given the postmasters as indicated in my reply of yesterday.

PRIVILEGE—Mr. CHURCH

REFERENCE TO STATEMENT OF MINISTER OF AGRICULTURE ON MAY 25

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I wish to make a correction in connection with the report appearing at page 3233 of Hansard. I had intended calling the attention of the house to the point yesterday, but was prevented from doing so just when the message was received from the Senate. The Minister of Agriculture (Mr. Gardiner) is reported to have said:

> I well remember that on one occasion the hon. member for Broadview (Mr. Church) moved an amendment to the motion to go into supply which took up all that evening, so that it was not possible to get my estimates before the house.

[Mr. Dunning.]

That is not correct. I never at any time made a motion upon going into supply; it was the hon. member for St. Paul's (Mr. Ross).

MEMBER FOR BEAUCE

INQUIRY AS TO INVESTIGATION INTO CHARGE MADE BY PREMIER OF QUEBEC

On the orders of the day:

Mr. R. A. PELLETIER (Peace River): Mr. Speaker, some time ago the Minister of National Revenue (Mr. Ilsley) advised the house he would investigate certain charges made by Premier Duplessis of Quebec to the effect that an hon. member of this House of Commons, namely, the hon. member for Beauce (Mr. Lacroix) had defrauded the Department of National Revenue by bringing goods into Canada without paying duty. Has an investigation been made, has the minister communicated with Premier Duplessis of Quebec concerning the matter, and what have been the results of such investigation?

Hon. J. L. ILSLEY (Minister of National Revenue): I wrote the premier of Quebec shortly after I stated an investigation would be made, asked him to furnish me with details of the charge, and to let me know during what period it was alleged the hon. member for Beauce (Mr. Lacroix) imported the trucks in question. I asked the premier to give me the source of his information and the names of any persons who could give any evidence concerning the transactions in question, and any other information which would be of assistance in investigating the charge.

I have never received a reply to that letter, which was written on May 3. A little more than two weeks after I wrote the letter, finding that apparently I was not to receive a reply I instructed the Commissioner of Customs to institute an investigation into the charge and to obtain such information as he could from the files and from any other sources which might be available.

The Commissioner of Customs has investigated the charge and his report dated May 25, 1938, together with appended material, is before me. I may say that so far as can be ascertained there have been no duties either unpaid or underpaid by Mr. Lacroix or by the companies in which he is interested. With the leave of the house I will table copies of my letter to Premier Duplessis and my instructions to the Commissioner of Customs, and I shall table with those communications the original report and annexed material from the Commissioner of Customs.

PRIVILEGE—MR. CAHAN

IMPERIAL CONFERENCE OF 1926—DESCRIPTION AS SEPARATIST MOVEMENT FROM BRITISH COMMONWEALTH

On the orders of the day:

Hon. C. H. CAHAN (St. Lawrence-St. George): On a matter of privilege, Mr. Speaker, I should like to refer briefly to a remark made on the evening of May 24, by the right hon. the Minister of Justice (Mr. Lapointe). The right hon. gentleman stated that during the debate on the imperial conference resolutions of 1926 the hon. member for St. Lawrence-St. George (Mr. Cahan) was one of those who described the work of that conference as—

—a sort of separatist movement from the British Commonwealth, and far from being a bond of association, as my right hon. friend—

—referring to the leader of the opposition (Mr. Bennett)—

—has described it to-day.

I believe that remark has gone out to the press and has been noted. I think it is an entire misapprehension of the attitude I took at that time. Without entering upon a lengthy discussion I should like to read the exact words I uttered on that occasion, and for that purpose I would refer hon. members to the debates of December 14, 1926, at page 54, in which, in discussing the imperial conference resolutions, I said:

For do not such clauses as those implicitly, and yet emphatically, declare that we are partners in the empire, equal in status, if you will, participating as citizens of that empire in the advantages and privileges—world-extended privileges—which accrue to the position and power of membership in the empire; yet, they express by implication that by moral obligation, by the precepts of common and equity law, we, as such partners, equal in status, are in fact morally bound, by the very implications of the contract, to share in the international obligations of the empire and in the liabilities imposed by such obligations to the extent of our resources; and though, as it is stated in another clause, we are the sole judges of the nature and extent of our co-operation, yet the declaration as to our status is made by the representatives of Great Britain, I believe, in the abiding faith and confidence that no common cause will be imperilled by the lack of our support.

The matter came up in a later discussion in the House of Commons on May 29, 1928. This is what I said at that time:

I assume from the position which the Prime Minister took at the recent imperial conference that he realizes the absolute necessity, if we are to preserve the existing unity of the empire, of consultation and concurrence wherever possible between the governments of the dominions and that of the United Kingdom with respect to matters which appertain to the whole empire to which we belong.

Mr. Mackenzie King: Hear, hear.

Mr. Cahan: I have noticed that certain gentlemen in this country who are admittedly in favour of the early independence of Canada and of breaking the light ties of association which bind us to Great Britain and the other dominions, speak of Canada having become in fact though not in name an independent and practically sovereign state. The imperial conference of 1926 took an entirely different view; as I read it, and I have read it time and again, it seems to me that those who directed the drafting of that report were insisting that all matters which relate solely and exclusively to this dominion should be under the sole and exclusive jurisdiction of the parliament and the administration of this country. So, in the negotiation of treaties, our minister or representative abroad, in those matters which relate solely and exclusively to our interests and to our wellbeing, would have exclusive jurisdiction, but when our interests also become matters of interest to the other dominions, to the United Kingdom and to the empire as a whole, it is implied in the imperial conference report that as far as it is possible for honourable and intelligent men so to do, those representing the various parts of this empire, should strive to reach a concurrent view by consultation and concession, so long as they make no sacrifice of the vital interests of any part, in order to promote the general interests of the autonomous dominions and of Great Britain.

I made several emphatic statements to that effect. Perhaps I might read one more, which appears on page 3503 of Hansard of the same date:

Therefore I feel persuaded that the government of Canada—

That was the government of the day, of which the right hon. Prime Minister (Mr. Mackenzie King) was also the Prime Minister—

—looking at the whole matter, though determined to preserve our autonomous rights, will always be equally determined to preserve the political unity of this empire to which we belong, believing that under present conditions and as far as human minds can see into the future, it is in the paramount interests of Canada that we should preserve that association with Great Britain and the other dominions.

I think these quotations from those two addresses indicate clearly that during the debates on the 1926 resolutions I was not suggesting that they implied a separatist movement from the British commonwealth.

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I say to my hon. friend that the passages which he has just quoted certainly do not bear out the inferences to which he has referred. Of course,

I am unable to say whether they are the passages which the right hon. Minister of Justice (Mr. Lapointe) had in mind in the observations which he made. It may well be it was some other reference which my hon. friend made that the Minister of Justice had in his thoughts at the time. However, were the minister here to-day he would, I am sure, be the first to accept my hon. friend's statement that in the course of the debate referred to he had no intention of conveying the impression which apparently the Minister of Justice gained at the time. As my hon. friend knows, the Minister of Justice is absent to-day owing to the fact that he is being honoured by McGill university with the degree of doctor of laws, honoris causa. He will, I am sure, be quick to take notice of what my hon. friend, the member for St. Lawrence-St. George, has said.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF EXTERNAL AFFAIRS

Departmental administration, $184,575.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Chairman, on Tuesday last the house listened with rapt attention to the Prime Minister (Mr. Mackenzie King) explaining and defending Canada's foreign policy. It was my intention to say something on that occasion, but time did not permit. There are many points in the Prime Minister's speech and there are many phases of Canada's international relations in connection with which I should like to say something, but at this time I am going to confine my remarks to one aspect of our foreign policy which seems to me to transcend all other aspects, even at this time when we are beset on all sides with questions of very great import. I refer to our policy with regard to Spain. To me our policy in connection with the Spanish situation has been and is devoid of every semblance of equity, justice, fairness or the application of international law. What is true of Canada's policy in respect to Spain is equally true of the policies of those nations which took part in the world's greatest international farce, the non-intervention committee. However, it is with Canada's policy that I am concerned.

To my mind a change of policy on the part of the democratic nations of the world towards Spain is absolutely essential even to a beginning of a settlement of the world's troubles on the basis of international law and international equity and justice. All our prating about peace, all our boasted love for democracy, all our detestation of dictatorships, is just so much piffle unless we right-about face in our attitude towards Spain. To me the Spanish situation is fundamental. The policy of the nations of the world towards war-torn Spain is immoral to say the least. It constitutes a canker that is eating at the heart of all that is left of world democracy. It cannot be defended on any basis whatsoever except that of cowardice and the saving of our own skins at the expense of the blood of the Spanish people.

I wish to pass very quickly over the events in Spain from February, 1936, to the present time. In the Spanish elections in February, 1936, what is generally called a Popular Front government was elected. This government was elected according to the laws and customs prevailing in Spain at that time. It was elected just as legally as the government of this country, as the government of Great Britain or France, or the government of any other country where government is elected by the vote of the people. After the elections the new premier, Senor Azana, outlined the policy of his government in the following words:

> We are not out to persecute, but to apply the constitution and the laws of the land in a spirit of liberality and liberty of conscience. We are persecuting nobody—neither Roman Catholics, Protestants nor Moslems. The people are eager to take part themselves in the work of national reform and progress. Everybody is interested and anxious to help. We are at the beginning of a time of great advance in many directions—cultural, educational, economic, political, spiritual and material.

I am sure that these are sentiments as fine as those uttered by our Prime Minister in October, 1935. But trouble soon developed. A well prepared rebellion broke out on July 18 of that same year. A few days afterwards, on July 25, the first violation, in my opinion, of international law took place. The French government, despite the fact that the "Frente Popular" was the legal government in Spain and that the French government had an agreement to supply the Spanish government with war materials, decided to prohibit the export of war materials to Spain. The general impression, an impression amounting to a conviction, was that Great Britain brought pressure on France which had something to do with her decision not to fulfil her obligations to Spain. On August 2, a week later, the French government addressed an appeal to the principal governments of Europe to organize for the purpose of preventing inter-

vention by the nations of Europe in Spanish affairs. In its appeal the French government said that its purpose was "for the rapid adoption and rigorous observance in regard to Spain of the common rules of non-intervention." But even at that time the French government was well aware that the Spanish rebels were being armed from the outside, and so at the end of its appeal it made it perfectly clear that it was reserving to itself the right of application in regard to the decision.

The farce of non-intervention dragged on month after month, with Germany and Italy, and their ally Portugal, stalling and hedging on every proposal to make the non-intervention pact effective. On July 30, 1937, a year after the non-intervention pact was formed, a year in which the government of Canada had had ample opportunity to see quite clearly that the non-intervention pact was in reality a screen for intervention on the side of the rebels by Italy and Germany, a year in which Canada's delegates to Geneva had every opportunity to hear the plea of the Spanish delegates for the right of their government to buy military supplies to put down rebellion against constituted authority according to the commonly accepted rules of international law. A year after our government had had the opportunity to see all this and did see all this, an embargo was placed by Canada on the export of arms and munitions to Spain. The government of Canada knew that Germany and Italy were supplying the Spanish rebels with arms and men, but there was no embargo placed on arms to Italy and Germany.

Let us contrast the action of the Canadian government in this affair with its action in another affair. In the Abyssinian affair this government objected to oil sanctions being imposed against Italy for fear they might lead to reprisals or to war, but this government was not afraid that our arms embargo against Spain might lead to war. Why? Because Spain is a weak nation. The conclusions which we can draw, then, from the difference in the policy of the Canadian government upon these two occasions is that if a nation is strong enough to retaliate it can carry on all the aggression it likes against weak nations; but if a nation is weak, if there is no danger of retaliation, the government of Canada will refuse it an opportunity even to defend itself. In the case of Spain it does not seem to have made any difference to the Canadian government that the Spanish people were and are defending their homes, defending their families, their institutions, and everything that they as well as we hold dear.

I have said that the government of Canada had an opportunity to hear the plea of the Spanish delegates to the League of Nations Assembly at Geneva. The Spanish government laid its case before the league in September, 1936, very shortly after the trouble started; again in December, 1936, again in May, 1937, and again in September, 1937. It may have taken its case to Geneva on other occasions, but I did not take the time to look them all up.

Now I should like to put before this committee the proposals made by the Spanish government to the assembly of the League of Nations; the report of the committee which examined the Spanish proposals, and the League of Nations' decision in the matter. The report of the committee failed to pass the league assembly by two votes, and I shall show where those two votes came from. I quote from the Monthly Summary of the League of Nations for September, 1937:

In the assembly on September 18th, the president of the Spanish council of ministers, M. Negrin, at the end of his speech on international problems arising out of the conflict in Spain, made the following declaration:

"The government of the Republic considers that it has the right to make the following requests:

(1) That the aggression of Germany and Italy in Spain be recognized as such.

(2) That, in consequence of this recognition, the league examine as rapidly as possible the means by which that aggression may be brought to an end.

(3) That full rights once more be given to the Spanish government freely to acquire all the war material it may consider necessary.

(4) That the non-Spanish combatants be withdrawn from Spanish territory.

(5) That the measures to be adopted for security in the Mediterranean be extended to Spain, and that Spain be granted her legitimate share in them.

In conclusion, having summed up the declarations of the Spanish government, their representative asked that the part of the secretary-general's report on the work of the league which dealt with the situation in Spain and allied questions should be referred to the sixth committee. This was done, and the committee reported to the assembly to this effect:

The Assembly:

(1) Associates itself with the council in recalling that it is the duty of every state to respect the territorial integrity and political independence of other states—a duty which, for members of the League of Nations, has been recognized by the covenant;

(2) Affirms that every state is under an obligation to refrain from intervening in the internal affairs of another state;

(3) Recalls the special undertakings entered into by the European governments, and the London non-intervention committee which, in

the intention of the countries to whose initiative it owes it origin, was set up for the purpose of restricting the Spanish conflict and thereby safeguarding peace in the rest of the world;

I wish the committee to pay particular attention to No. 4.

(4) Regrets that not merely has the London non-intervention committee failed, despite the efforts of the majority of its members—

Note, "despite the efforts of the majority of its members."

—of which the assembly expresses its appreciation, to secure the withdrawal of non-Spanish combatants taking part in the struggle in Spain, but that it must to-day be recognized that there are veritable foreign army corps on Spanish soil, which represents foreign intervention in Spanish affairs;

(5) Observes that the council in its resolution of May 29th last, justly described this withdrawal as "the most effective remedy for a situation, the great gravity of which, from the standpoint of the general peace, it feels bound to emphasize, and the most certain means of ensuring the full application of the policy of non-intervention";

(6) Sincerely trusts that the diplomatic action recently initiated by certain powers will be successful in securing the immediate and complete withdrawal of the non-Spanish combatants taking part in the struggle in Spain;

(7) Appeals to the governments, which must be all animated by the desire to see peace maintained in Europe, to undertake a new and earnest effort in this direction;

And I wish the committee to note the next part of this section.

And notes that, if such a result cannot be obtained in the near future, the members of the league which are parties to the non-intervention agreement will consider ending the policy of non-intervention;

(8) Requests the council, in view of the provisions of article 11 of the covenant of the league, to follow attentively the development of the situation in Spain and to seize any opportunity that may arise for seeking a basis for a pacific solution of the conflict.

Thirty-two delegations voted in favour of this report. The report however failed to obtain the necessary unanimity and was not adopted. But it failed of adoption because it was opposed by Albania and Portugal, two countries that were acting merely as "stooges" for Italy. Let it be noted that Canada was among the thirty-two nations voting—for what? Voting for this:

That it must to-day be recognized that there are veritable foreign army corps on Spanish soil, which represents foreign intervention in Spanish affairs.

That is what our delegation voted for in September a month and a half after this government imposed an embargo on Spain the purpose of which was to hinder Spain from helping herself either to put down rebellion within her borders or to free herself from foreign aggression.

There is no question in anyone's mind to-day that the war in Spain has ceased to be a civil war and is now a war of invasion by Italy and Germany. Everything that has happened in the last few months has emphasized that, time and time again. The assembly of the League of Nations accepted the situation, as I have just read, although the recommendation failed technically to pass the assembly. In view of these circumstances I think this parliament would be justified in instructing the government to rescind the order in council which imposed an embargo on arms and munitions to Spain.

During this session, on March 17, in reply to a question by myself, reported at page 1407 of Hansard, the Prime Minister said as part of his reply:

May I add to what I have said in the way of a formal reply to my hon. friend that at this time we are witnessing momentous events on the continent of Europe. We are witnessing also momentous events on the continent of Asia. Canada is a part of the continent of North America. Unless it is the desire to have it appear that our country is anxious to participate in these events, to become a party to or a part of what is happening on the continents of Europe and Asia, it is desirable, I believe, that all persons in positions of authority and responsibility in this country and who have anything to do with the shaping and moulding of public opinion, whether in parliament or in the press, should refrain from taking any steps or making any representations which would appear to have a contrary aim and purpose.

Spain is in the continent of Europe, and as the League of Nations had not taken action in regard to Spain, if we were brought into this situation we were brought into it by the action of the Prime Minister and his government. If the government of this country has the right to bring Canada into the affairs of foreign countries without even asking parliament, without the consent of parliament, surely we have the right to question the action of the government in that regard. If we are now involved—and we are involved by non-intervention—in the Spanish affair, we have been involved by the present government. Either that or, if we can remain neutral only by placing embargoes, we should immediately place an embargo upon the shipment of supplies to Japan. The Prime Minister cannot have it both ways. So, I think that, in order to put ourselves right with the legally elected government of Spain, we should immediately rescind the order in council of July 30, 1937.

We have heard a great deal in this house and in speeches in the country about the necessity of maintaining democracy. I have

now before me a statement made by the Minister of Justice (Mr. Lapointe) who I regret is not in his seat at the moment, during the debate on a resolution proposed by the hon. member for Winnipeg North Centre (Mr. Woodsworth) on February 4 of last year. I am quoting from Hansard, page 550. The Minister of Justice said:

> But we must be able to defend our citizens against the madness of some present day rulers. If international chiefs or gangsters ever come to assail us in a mad impulse—because the world is mad at the present time—we cannot meet them with a declaration of neutrality.

What about Spain? When Spain was assailed by these chiefs and gangsters how did the Dominion of Canada meet the situation? By imposing an embargo on the means by which Spain could defend herself. If the people of Canada have the right to defend themselves from international chiefs, from gangsters, how can this country deny the right to any other nation to do the same? I think we all agree with the Minister of Justice in the statement I have quoted; but, as I have done, let us compare these fine sentiments with the actions of the government of which the minister is so important and influential a member. As I have already said, Spain is to-day assailed by the international chiefs and gangsters of Europe, and was assailed by the same gangsters in 1937 when the minister made that statement, and the reply of his government to the gangsters was to impose an embargo on munitions to Spain on the means by which she might defend herself.

The Prime Minister on March 17 said that no exports of munitions had been made from Canada to Germany and Italy. That may be true, but the point I wish to make is that so far as this government is concerned, so far as the laws of Canada are concerned, Germany and Italy could buy all the munitions and arms that they wanted to. But there was no reason why Germany and Italy should buy arms and munitions in Canada, because we were shipping to Germany and Italy the supplies from which they could manufacture these things for themselves, and they can do it far cheaper than we can. Germany and Italy may not have purchased arms and munitions, but as far as I know there were no legal restrictions on their doing so. I should like to quote another statement in the speech delivered by the Minister of Justice on February 4, 1937. This quotation will be found at page 547 of Hansard of that date. He was referring to the obligations of members of the League of Nations to help fellow members if attacked, and with reference to the resolution of the hon. member for Winnipeg North Centre he said:

> If this motion is adopted, we go out entirely from the concert of nations, and mind you, Mr. Speaker, it is not only to the League of Nations that we as a country have given pledges. When we signed the pact of Paris we pledged ourselves to consider as a criminal any nation which would try to effect the settlement of an international conflict by means of war or which would accept war as a national policy in solving disputes. In that pact of Paris which we signed and which was accepted here unanimously we declared that any nation taking that position would be an enemy of Canada. That is what is really stated in the pact of Paris, but my hon. friend brushes that aside together with the pact of the League of Nations.

I ask again, how did we come to the assistance of a fellow member of the league? Spain is a fellow member of the League of Nations. Germany is not, nor, technically, is Italy a member of the League of Nations. How have we come to the assistance of Spain? By imposing an embargo upon her and by allowing her aggressors to buy freely of everything they require which we can supply. And then we prate about international law and order and give lip service to democracy, and the Prime Minister says that we must be careful not to say or do anything which might embarrass the countries of Europe which are facing difficulties. He forgets altogether that Spain is the country in Europe to-day which has been facing the greatest difficulties during the past two years and that the action of his own government tended to add to those difficulties, to give encouragement and support and comfort to the aggressor nations, which we, according to our solemn pledges when we signed the League of Nations pact and the pact of Paris, are supposed to consider criminal. Let me say again that Spain is a sister member of the league, to which according to the statement of the Minister of Justice we have given pledges. Instead of denouncing Germany and Italy as criminals, we have acted toward Spain as if she were the criminal in this affair. Let us face the fact that we have made a mistake in imposing an embargo upon Spain, and let that mistake be rectified by the removal of the embargo. In the early days of the non-intervention committee, many thought that it might be used as a means if not of furthering peace at least of preventing the spread of war. A great many people had that feeling and many of them have now admitted their mistake.

Let me refer to a statement made by Sir Archibald Sinclair, the leader of the Liberal party in the British House of Commons, in a

recent debate on the Spanish situation. I am quoting from the British Hansard of Wednesday, March 16, 1938. Sir Archibald Sinclair said:

> At the same time, I have never disguised the fact that I sympathize with the Spanish government. I know that other hon. members who are just as patriotic citizens as I am sympathize with General Franco. My sympathies with the Spanish government are due mainly to three reasons: first, that they are fighting for the cause of freedom against a Fascist form of government; secondly, as it seems to me, that the intervention by Italy and Germany in the affairs of Spain is contrary to the efforts which the democratic nations of the world are making to place the relationships between nations on the basis of the rule of law instead of force; and thirdly, that I believe the occupation of Spain by Italian and German forces would be the gravest threat to the national and imperial interests of this country.

Mr. MARTIN: And he might have added, by Russian forces.

Mr. MacINNIS: You are not going to lead me off by a statement of that kind. Russia joined the non-intervention committee, as she stated at the league assembly in 1936, simply because she thought it might help maintain peace. She was willing to observe the non-intervention pact provided the other members of the committee would do so, and there has been no occasion in that connection in which the contrary has been proved with regard to Russia.

Further on Sir Archibald Sinclair states that at one time he felt that a non-intervention agreement by the nations of Europe might help bring about a speedy conclusion of the trouble in Spain and might prevent war, but he says he now realizes that this cannot be done. Let me say again, let us concede our mistake. Let us rectify it at the earliest moment possible. Let it be granted that we were actuated by the best possible motives. Let it be granted that the failure of our good intentions was not our fault. This point has seemed clear to me for a long time. I have watched the Spanish situation I think as closely as anyone could possibly watch it at this distance, and it seemed to me very soon after the trouble started that the policy of the democratic countries towards Spain could only end in one of two ways, by either forcing a fascist dictatorship or a communist dictatorship on the Spanish people. If Franco wins, Spain will be fascist and the forces of fascism will be that much stronger. If the Loyalist forces win, as the situation is to-day, communism will have received an enormous boost, and to that extent the forces of democracy—that democracy we say we uphold—will lose. Those who favour communism in Spain will be able to say, if the Loyalists win—which is not very likely under present circumstances—"You were forsaken by the democratic countries," and they will be right. "They tried to foist upon you the yoke of fascism," and it seems to me they will be right also in saying that. "Democracy is your enemy." Under the present situation what can those of us who favour democracy say? What can we in Canada say or do, except to bow our heads in shame and admit the truth of such statements? Let me again ask the members of this committee, as members of the Canadian House of Commons, to assert their right and make clear their belief in democracy, in justice and equity as between nations, and ask the government to rescind the order in council which imposed this embargo against the legally elected government of Spain.

Mr. T. L. CHURCH (Broadview): Mr. Chairman, I have no intention of following what the last speaker (Mr. MacInnis) has said. We have heard these pacifist speeches in the house before. At last parliament has an opportunity of considering the external affairs of this country, which are a trust administered by the Prime Minister (Mr. Mackenzie King). Last Tuesday he brought down his message. I have no quarrel whatever with what he said; my objection is to what he did not say. At no time in the history of this empire has it been more necessary for the Dominion of Canada to give support, even if it is only moral support, to the motherland.

The main statement made by the Prime Minister was that parliament would decide in future, if trouble came, as the circumstances of the case required. In his address there was no such reference as I believe a large majority of the people of Canada would like to have heard, following the imperial conference of last year and the visits of the Prime Minister to Hitler, to France and other places, that we owed the mother country something for what it has done to protect our shores in season and out. I was surprised that something was not said along the line of what Sir John A. Macdonald and Sir Wilfrid Laurier stated, that when England is at war Canada is at war also. I believe if ever the time comes again this country will do its duty towards the motherland, as it has always done it in the past.

The Prime Minister talks about parliament deciding the matter. Why, before parliament could be called together the enemy could have sent an air fleet up the St. Lawrence

which in one hour could have bombed and destroyed all the public buildings in central Canada, probably including this house. Before notice could be sent out convening parliament our country could be invaded. There is not only the possibility; there is a very strong probability. The idea of calling parliament together to decide these questions of policy does not appeal to any practical person in Canada. It is impossible. In 1914 Mr. Borden's action was prompt and the country backed him up. In my opinion it will do so again when any responsible government has the courage to assert itself. This question came up nearly thirty years ago in connection with the Laurier naval bill of 1909, and at that time this house practically decided that when Britain was at war Canada was at war. A resolution was adopted by this house expressing the opinion that the Canadian people were ready and willing to make any sacrifice necessary to maintain the integrity, dignity and honour of the empire.

Again I ask: Has Canada a foreign policy, and whither is Canada drifting? If you read the message given to the house the other day by the Prime Minister you will find that Canada has no foreign policy. An enemy invading this country will not care a farthing about the Statute of Westminster, which was passed to please Ireland and South Africa. That statute speaks of consultation, co-operation and understanding. These dictators care nothing at all for that. In the Prime Minister's speech I have not read one word of encouragement to the motherland in regard to the huge burden of debt she has placed on her shoulders in order to look after the dominions, and give them protection, or in regard to what she is doing for democracy and world peace. We are told that Canada has no commitments, and that seems to be our foreign policy; in other words the pen is mightier than the sword. We are a nation only in the mythical sense. We are back to where we were over a hundred years ago, in 1812. We have no army, no navy and no air force. We are completely dependent upon the motherland for our defence on land, on sea and in the air. We saw that the other day when a bill was presented by the hon. member for Comox-Alberni (Mr. Neill) in connection with Japan. Japan has been operating outside the three mile limit in violation of international law. The piracy they have been conducting through their ships which operate beyond the three mile rule is against all known international agreements. They have broken the fisheries laws, the coastal laws and many other laws of the dominion. What do they care for peace pacts or anything of the kind?

What about that glorious French nation towards which the eyes of the civilized world were turned at the time of the great war? We remember the awful privations, the human trials and suffering and the tribulations the French people went through. But they have a policy. They are willing to make commitments. And they will make them with whom? —with Great Britain. If Canada is not content to make commitments she had better get out of the British Empire, and the quicker she gets out the better. If we will make no commitments we are outside the empire. That glorious French nation has made commitments with foreign countries. She has announced that she will defend herself and stand or fall with England. Europe must pay attention to the dictators while Canada stands aloof with a policy of isolation—that is all it is, just a policy of isolation.

The Minister of Justice was more succinct in what he said. His statement was that the foreign policy of Canada was that of keeping Canada out of war, of trying to keep Canada at peace, of acting in a peaceful manner towards all countries of the world, and to have those family relationships with other members of the commonwealth. He said it was a policy of avoiding offensive language aginst other countries, and to save Canada for those days which are ahead of it. Well, if that is the best policy the minister has to offer he will have a rude awakening some day if and when the enemy comes up the St. Lawrence river.

The government seems to have a different policy for all the provinces, so far as foreign affairs are concerned. If we are to read the statement on foreign affairs which has been made we must conclude that our foreign policy consists of nothing but platitudes and high sounding phrases. I feel sure people in England and in Canada hate the very mention of war. The idea of war is detested by all the people in those countries. Nevertheless preparation is necessary. You do not hear a word in favour of war in England or in Canada. But in England it is recognized that questions of defence and the liberty of civilization are at stake. England may have been slow to get started but she recognizes the mistake she made in disarmament. They are now rearming. The Norwich labour union by a vote of 2,500,000 voted in favour of rearmament. That policy has been

forced upon England. Neither the government nor the opposition wants a policy of that kind; it has been forced upon them.

We know the terms of the Militia Act, as they are contained in sections 1, 2, 3, 4, and 5 of chapter 132 of the statutes, where the manner in which the militia can be called out for military purposes is described. Then, under section 66 it is provided that if parliament is separated by an adjournment or prorogation which will not expire within ten days, proclamation shall be issued for the meeting of parliament within fifteen days. But before that could be done the country would be invaded.

As was pointed out by my right hon. leader in an address delivered in Chalmers church, this country owes the motherland a great deal for all she has done and is doing. What are we doing in Canada? We have no foreign policy, and we are depending entirely upon the mother country. Our representatives went to the imperial conference last year and took part in the coronation ceremonies. Our troops were in the line. It is true that an imperial conference was held, but in my opinion it was a complete failure. It failed to solve any problem from which we suffer to-day in respect of trade, defence or migration. It failed to solve the shipping problem. The empire has 2,000 less ships than it had before the war. Yet we are willing as a dominion to sponge on the mother country for land defence, and for the air force and a fleet to protect our shores. We were content to have our contingents go to London and to take their place in the ceremonial parade through London's streets; we were prepared to let our ministers take a trip over there. They made many speeches at banquets, and all that sort of thing—even the Minister of Justice made some of them. They proceed to tell what grand fellows we are in Canada, and yet they are not willing to contribute anything to help the mother country in her hour of trouble.

The speech of the Prime Minister is one of isolation. That is the policy of isolation followed by Ireland and South Africa. We have been told that Canada has been advised but not consulted. In my opinion that is a distinction without a difference. If it were not for the mother country to-day we would be neither advised nor consulted by the dictators; they would just drop in by aeroplane, and we would soon learn what our policy of isolation would amount to.

We have nothing with which to back up any foreign policy—nothing but talk and platitudes. Our policy is negative; certainly it is not positive. It is a policy which has been weighed in the balance and found wanting. It was a cold answer in my opinion given by the government to the questions asked last February. At that time an official or semi-official announcement was made in the house, after a statement was made in London, to the effect that the dominion had been consulted last February concerning critical affairs. Ottawa declared at that time that the Dominion of Canada had not been consulted by the government of Great Britain with regard to foreign policy, and did not want to be consulted. No more cold-hearted or icy words could have been pronounced to the people of Canada by a government. The mother country's back is to the wall, fighting dictators. She is confronted by dictators on all sides—by Hitlers and Mussolinis. We let London minister to our curiosity, but that is the extent of our interest in looking after the clash between dictatorships and democracies.

Canada's foreign policy is a myth, because she has no policy. It boils down to consultation, understanding and cooperation, but with whom it does not say. We used to depend upon the league. Canada followed the league and did everything it could. The last two or three governments have cooperated with the league, but what has happened to it? It led the mother country to disarmament, and the result was that Germany crossed the Rhine and invaded Austria; Italy captured Ethiopia; Japan annexed Manchuria and is now capturing China. The government has shifted its position and is now depending upon the Monroe doctrine and pan-Americanism. That seems to be the popular cry to-day in the continent of America, the continent to which we belong, in connection with foreign policy.

If this is all the foreign policy Canada has, then I say the government should defend itself at the polls, and if it does it will not have the majority it has to-day. I condemn this secrecy and this hush, hush policy regarding foreign affairs. This is not only the affair of the officers in the Department of National Defence or the Department of External Affairs. It is a matter which is of importance to and belongs to all the people of Canada, and one in which they are deeply interested. The public should be taken into the confidence of the government, and the matter should not be kept strictly to departmental officials.

Great Britain was wise to forget the past and to make friends with Italy. It was a stupid quarrel in the first place, when the

conflict in Ethiopia brought about a strained condition. Mussolini is favourably disposed to a renewal of friendly relations, and that will be a contribution towards the peace of Europe. How did Canada, a country which is supposed to have a foreign affairs department, act regarding Italy? She passed sanctions. When the Prime Minister was away the Minister of Justice had to tell the country that those sanctions had been abrogated and cancelled. It was well that he did cancel them, because certainly we have no force with which to back up sanctions. If the empire or Great Britain fails, our country will no longer exist as a dominion. In my opinion the empire stands to-day as a bulwark of peace and freedom which it is our duty to try to maintain for all time to come. Mr. Chamberlain said the other day that he would fight himself for the preservation of democracy, which means liberty.

As a result of the Statute of Westminster each part of the British Empire has its own foreign policy and its own defence policy. Look at what has happened in connection with Ireland and South Africa. Those countries have been completely out of the empire since that statute was passed. They have abolished the office of governor general, they have abolished God Save the King as their anthem, and they have eliminated the king's head from their coinage. Appeals to the privy council no longer are made by these countries. They are separate sovereign states just like Mexico or Italy. They are free to set up as republics with their own presidents and give no allegiance whatsoever to the mother country. General Hertzog refuses to take the privy councillor's oath. He has announced that no longer will the king's name appear in the statutes of that country. That is the way they have acted.

During the last hundred years we have been completely dependent upon the motherland. I do not believe in this policy of secrecy. As I said the other day I can remember in 1914 when the late Lord Roberts was laughed at because he predicted that a war was coming. A number of public men in Great Britain like Asquith and Haldane and Runciman said that there would be no war. Yet three days before it actually did come, Lord Roberts predicted that it would come. In my opinion, silence in connection with foreign affairs is a mistake. It would be far better if the government took the country into its confidence. We should have had information long ago as to what is Canada's defence policy and what is Canada's foreign policy. I have been trying to find out for the last three or four sessions what our foreign policy is. It seems impossible to get answers to these questions.

Our foreign policy should be wrapped up with that of the mother country. Never has it been more necessary that this should be done than now. There is no use in saying that we can depend upon pan-Americanism and the Monroe doctrine. We depended upon them in the past and they were found wanting. We are entirely dependent upon the mother country for our liberty and freedom. It has been stated that an army, an air force and a fleet is unnecessary. The pacifists in England persuaded the British government to disarm. They carried on this agitation and the motherland threw away the finest navy, army and air force in the world. Such defences are not built up in a day, they cannot be got together in a generation. In my opinion, the people of Canada would like to see this government give some recognition and credit to the motherland for our dependency upon her for the freedom we enjoy. It has been said that we have been given no information. For the past four months this house has been practically tongue-tied as far as Canada's affairs and foreign policy are concerned. We now realize that we are absolutely undefended except for what help might come from the motherland. The people have lost all confidence in the organization of the league.

The mother country has spent $618,000,000 in building up a navy to protect Canada's shores. Great Britain is our only hope, but she has to make up the ground she has lost since 1922 when she threw away all her agencies for defence. Since 1922 we have not only thrown away our defences, we have lost our friends. We parted with our Japanese allies at the conference in Washington. We see the result in Shanghai where we were the helpless witnesses of the destruction of our prestige and wealth. We have quarrelled with Italy, one of our best friends, and have driven her into the camp of our enemies. Not content with these terrible blunders, we have loosened the structure of our empire until the ties that bind us to southern Ireland have disappeared wholly, while those that held us to South Africa are attenuated to a thread held in the hands of a few British and Dutch in that country. Further, our government is coquetting with an American trade agreement which, if successful, will create a permanent wedge between us and the other dominions. They will be encouraged to look elsewhere for support.

The minister of external affairs has a great public trust in his hands. Not only have we assisted the mother country in throwing away her means of defence, but we have thrown over our friends. Canada was represented at the Brussels conference, but it was a complete failure. The speech that President Roosevelt made at Chicago was filled with platitudes. When Sir Ronald Lindsay, the British ambassador at Washington, went to see Mr. Hull to ask if the United States would join in sending a note to Japan, he was told that the United States would act alone. The policy of that country has been isolationist since the days of Washington. The people of Canada are now becoming alarmed.

War will never be abolished until we make a much better job of peace than we have in the past. War would be further off if all the sham in Geneva was eliminated. When men are ready to do their duty by their neighbours, war will go. What is the use of talking, as they do at Geneva, about the mote in war's eye and the beam in the eyes of Geneva and peace? Did we not say in 1914 that it was a war to end war? Let us look at the economic aspects of peace and war. Peace as we have it with all its suffering, all its unemployment and misery, is as dreadful as war in many ways. Those things which are as terrible and evil as war in times of peace are social wars, unemployment, fratricidal wars, every form of racketeering, whether industrial, political or in lines of trade, and other conflicts which are a part of human life. Wars are generally started as the last means of settling a dispute. The League of Nations was formed to avert war; it provoked it. If war could be abolished by a simple formula, it would have been abolished two thousand years ago. Similar leagues in history have failed before.

I have asked in vain: Has Canada a defence policy? Has Canada a foreign policy? Is Canada a member of the league? Is the league still in existence? If so, for what purpose? We have spent nearly $4,000,000 on the league and have got nowhere. I should like to quote from a dispatch from Douglas Oliver when he interviewed the Prime Minister on his arrival at Quebec, returning from the coronation. This dispatch is dated July 8, and reads in part:

> Canada's defence policy has not apparently changed one bit as a result of all the recent imperial conference deliberation over the serious international situation, Prime Minister Mackenzie King indicated to-day.
>
> In Germany, he had an interview with Chancellor Hitler.

[Mr. Church.]

It is said that it is intended to extend our diplomatic corps abroad. I think the best thing that could be done would be to close up this service altogether. Adequate armaments in this country are necessary, but adequate armaments without adequate man power are ineffective. As the Secretary of State for war in Great Britain said, every gun and every soldier to man a gun bring closer not war but peace. Canada's policy in foreign affairs should be cooperation and coordination with the mother country and with the mother country alone, and should fit in with the policy of the mother country on land and sea and in the air as a distinct unit correlated and interwoven.

We have been told that as a country we shall have to depend for our defence in the future on the people of the United States. That is some of the advice that has been given in the house. There is such a division among Quebec members supporting the government that two of them even read us out of the empire altogether, and one wanted us to cooperate with the United States in a joint defence policy.

I have already said that the policies of Washington have been reasserted by Mr. Hull. That policy is: No entangling alliances. The American people feel that the leaders in Washington may have been listening to war propaganda, and the ex-Secretary of State said that the United States has no such alliances, that their policy is, as it has been in the past from the days of Washington, to go it alone.

Let us look for a moment or two at how the people of the mother country have depended on the United States, and see what it has cost the motherland to have surrendered its own view on national problems and on the peace of the world to the views of the United States. It is well to remember this. It is no criticism of the great people to the south of us. They are thinking only of America first. They are our own kith and kin. But they have an isolation policy, and there are many people in the United States, millions of foreign origin, who think that the policy of the United States has been wrong since Washington laid down the principle that the United States should keep out of European troubles. Let us see how Great Britain has surrendered its views for the benefit of the people of the United States.

The first occasion since the war was the establishment of the League of Nations as part of the treaty of Versailles. Great Britain agreed to this at the behest of President Wilson. France would consent only if Britain

and the United States gave her a joint guarantee of security. The league was established, but the ink was hardly dry on the parchment when the United States congress refused to honour President Wilson's word, and they also repudiated the Versailles treaty.

The next thing to please the Americans was done at Washington in 1922, when we renounced our alliance with Japan who had been such an invaluable and faithful ally for twenty years. The result was that we lost Japanese support and gained no other benefits to make up for it.

Then there was the treaty with the Irish. We were told by British people who came over to this side that only by such a treaty would the last resentment of America against England die away. Britain gave way, and the result was that the United States became more embittered than ever, instead of more friendly.

There was another proposal which some people are of the opinion is likely to damage this country. America wants to buy gold. South Africa produces it in large quantities, and Canada and Russia are also gold producers. The motive force behind it is that they want to buy our gold so that we will buy American goods.

There has always been conflict between the United States congress and the administration in Washington. We were told by a French prime minister four years ago that Great Britain was the hardest country in the world to make a treaty with or have an understanding with owing to the dominions having so much to say, and there being so many different views to consult. It is the same in the United States. The president is called the administration, and he makes speeches and has his views, but it is only talk; there is no power over the senate to act. The power is in the senate and congress of the United States. So we have two forces in the United States in foreign affairs working in opposite directions, the administration and congressional sides. The result is that conflict often occurs. We saw it in the Abyssinian crisis, when the administration was hampered by the lack of congressional support, and its proposals met with clear defeat. I am reading three or four comments from the May number of the National Review, which after criticizing the new Anglo-American treaty, goes on to say:

> The new policy will be as fruitless as the former policy.

It goes on to say:

> The administration met with two clear defeats —the first when congress refused to make any change in the temporary "impartial" Neutrality Act then on the statute books, the second when the senate rejected a proposal to join the world court—and suffered throughout from constant opposition. Though the administration were prevented by the Neutrality Act from bringing economic pressure to bear on Italy in co-operation with the league, they attempted during October and November of 1935 to persuade Americans voluntarily to forego "tempting trade opportunities" and not to seek profits "at the expense of human lives and human misery."
>
> A fortnight after these official exhortations the Secretary of State had to admit that American trade with Italy in such war materials as oil, copper, trucks and scraps was increasing. The attitude of congress made it clear that nothing could be done about it.
>
> During the crisis, as during the present crisis, the attitude of the congressional isolationist towards Great Britain was one of continued hostility. While the administration were attempting, within political limits, to embarrass the league as little as possible, the congressional spokesmen were accusing England of using the league for imperialistic ends.

That is what they said in congress the other day.

The CHAIRMAN: I must inform the hon. member for Broadview (Mr. Church) that he has spoken forty minutes.

Mr. CHURCH: I was just referring—

The CHAIRMAN: The hon. member can proceed only by unanimous consent.

Mr. CHURCH: The hon. member for Greenwood (Mr. Massey) was given forty minutes more. I have not quite finished, and I have never asked for any such privilege before. As a matter of fact, I think I have been speaking for only thirty minutes, but I shall take another opportunity. It is all right; I am not objecting to your ruling, Mr. Chairman.

Mr. BENNETT: I suggest that the hon. member be allowed to speak a bit further Mr. Chairman.

Mr. MACKENZIE KING: Hear, hear.

Mr. CHURCH: I shall not break any of the rules of the house. I do not want any favours.

Mr. MACKENZIE KING: It is not a favour. It is a right.

Mr. BENNETT: You are not breaking any rules. I have spoken in between. Go on.

Mr. CHURCH: I was trying to show the futility of this country depending on the United States for our freedom and protection, or on the Monroe doctrine or pan-Americanism instead of, as always before, on the motherland. In the late war the United States could not have transported any munitions or a single soldier abroad without the assistance of the British fleet. And here we

are to-day, after the statement made by the Prime Minister, afraid to give one word of moral support, and no material support, to the motherland in this great emergency. We are depending on Washington, where they play politics every time.

Reference has been made in the congressional side at Washington to British propagandists, including the Archbishop of York and Mr. George Lansbury, as being sent to the United States to drag America into a war on England's side. As I said before, I believe the time is coming in this country when we shall have to decide sooner or later where Canada is drifting. In my opinion we made a mistake when we broke our alliance with the Japanese. The year 1937 has seen us with a policy of drift in this country. I asked certain questions about our foreign affairs, and when the Prime Minister came home this was the answer I received:

> It had been my intention to pay a visit to Germany at the conclusion of the assembly of the League of Nations, at which I represented Canada, in the autumn of 1936. This, however, did not prove possible at that time. Following the imperial conference of 1937 I was able to carry out the deferred visit.
>
> As I have already indicated in public statements, the purpose of the visit was to obtain at first hand, as intimate a knowledge of conditions in Europe as the time at my disposal permitted. After leaving Great Britain I paid brief visits to France and Belgium, as well as to Germany. The British government were fully aware of the intention to pay the visit to Berlin, which occurred on June 27 to 30 inclusive. The interchange of views and information which took place was of a nature which it is not the practice to disclose.

I cannot see any reason for the Prime Minister going there. It was not, in my opinion, the visit of a private individual. He was Prime Minister of Canada, and as such, and as head of the Department of External Affairs, he had obligations to the Canadian people. In my opinion it was not diplomatic on his part to go upon such a visit, and I do not believe this country approved of it; we stand for democracy, not for what that government stands for.

In this connection the Prime Minister answered some further questions, regarding the Pacific. Why was Canada not represented at the opening of the Singapore base?—with British Columbia clamouring for protection, and all this money being spent for defence on the Pacific coast, although it might as well be thrown into the Pacific so far as the protection it will give the people of British Columbia is concerned. Our contributions could better have been made to that great Singapore base. When it was opened the United States, New Zealand and Australia were represented, but Canada did not have even its good-will joy-riding fleet to join the other nations in the opening of that great base for the protection of maritime freedom. Then other questions were asked, regarding our participation at Brussels and many other places, and the same answer is given. In my opinion the people are becoming tired of all this business of legations. Here is Sir Herbert Marler going away down to Houston, Texas, as the representative of Canada, and giving interviews on trade, defence, foreign affairs and treaties. He speaks of Canada selling to the United States millions of dollars' worth of newsprint, and says that no longer is Canada dependent on wheat for a livelihood, and then he gives his views on foreign affairs.

The time is coming when we shall have a rude awakening in this country. It may be soon or it may be later, but in my opinion the day is not far distant when we shall have to face invasion. Not only the possibility but the probability is very strong. The preceding speaker has been referring to the league. Well, the league is dead, and to our sorrow we have seen the British Empire almost dismembered. The finest army, navy and air force in the world have been scrapped for the league's folly and it will cost millions to build them up again. We are to spend thirty-six million dollars this year, and we might as well throw the money away, with a defence force of that size; it will be a mere trifle as a defence policy of any merit.

I am sorry that this country, which did its duty in the late war, is pursuing such an isolationist policy. It will get us nowhere. We are simply following in the footsteps of Ireland and South Africa instead of standing side by side with our sister dominions of New Zealand and Australia.

Item agreed to.

Representation abroad, including salaries of high commissioner, ministers plenipotentiary, secretaries and staff, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments, $434,500.

Mr. BENNETT: Is the increase to provide for another minister?

Mr. MACKENZIE KING: No. That comes in in another place. This increase arises in the high commissioner's office. The intention is hereafter to vote the high commissioner's salary in each year's supply. Heretofore, as my right hon. friend knows, the salary of the high commissioner has been appropriated under statute. We shall have

to amend the statute respecting the office of the high commissioner by deleting the provision respecting the high commissioner's salary.

Mr. BENNETT: Did we not vote it last year? My memory is that we did.

Mr. MACKENZIE KING: We voted $2,000 only, which were in addition to the amount set forth in the act as originally passed.

Mr. GREEN: Has the Prime Minister yet had a report from the committee inquiring into the illegal entry of Japanese into British Columbia? It was headed by a member of the Department of External Affairs, and, I believe, completed its sittings almost a month ago.

Mr. MACKENZIE KING: Within the last day or two the committee presented an interim report, but they have not yet completed their inquiry.

Mr. GREEN: Could the interim report be made available now?

Mr. MACKENZIE KING: I think it would be inadvisable to present that report at the present time, inasmuch as it discloses the proceedings of the committee in ways that might affect subsequent inquiries.

Mr. GREEN: When may we expect the final report?

Mr. MACKENZIE KING: The report as given by the committee is very largely a confidential report for the information of the government. Undoubtedly a statement will be made by the government, based on the report. I cannot say at the moment when the final report will be made.

Item agreed to.

To provide for hospitality in connection with visitors from abroad, $15,000.

Mr. BENNETT: How much of that was used last year?

Mr. MACKENZIE KING: Out of $15,000, $13,543.18 was used.

Item agreed to.

Expenses of Canadian delegates to the assembly, conference and commissions of the League of Nations, $14,000.

Mr. BENNETT: No change in that, either?

Mr. MACKENZIE KING: No change.

Item agreed to.

Amount required to meet loss on exchange, $120,000.

Mr. BENNETT: What did it cost us last year for exchange? The rate was down a little, I think; it improved somewhat.

Mr. MACKENZIE KING: The amount submitted in the 1938-39 estimate is $120,000. The amount voted in 1937-38 was $135,000.

Mr. BENNETT: I know. I wanted to know what was spent.

Mr. MACKENZIE KING: $114,127.90.

Mr. BENNETT: That is an improvement. I suppose the larger proportion of that is in connection with our contributions to the League of Nations?

Mr. MACKENZIE KING: The itemized statement is as follows:

League of Nations..	$106,253 37
Wheat advisory committee.. ..	1,363 38
International commission for air navigation..	691 01
Paris: salaries and allowances.	1,595 47
Geneva: salaries and allowances	4,224 67
	$114,127 90

Item agreed to.

To authorize payment from the consolidated revenue fund to the Honourable Philippe Roy, present Canadian Minister to France, of an annuity at the rate of $5,000 to commence on his retirement and to continue during his lifetime, $5,000.

Mr. WOODSWORTH: Is there any regular scale of annuities which the government follows; and if so, would the Prime Minister give us the basis on which such annuities are arranged?

Mr. MACKENZIE KING: As my hon. friend doubtless knows, the present minister in France was appointed some twenty-seven years ago as a commissioner from Canada to France; and at the time that the legations were opened, some ten years ago, Mr. Roy was appointed the first Canadian minister to France. No arrangement was made at the time with respect to any retiring allowance or any annuity. As a matter of fact nothing of the kind has thus far been arranged with respect to the ministers in the diplomatic service. The government has under consideration at the present time the advisability of adopting a plan whereby those who go into the diplomatic service or who may be in the service and are not already in the civil service will be given the privilege of contributing to the superannuation fund and will be entitled to draw proportionately from the fund at the time of their retirement. If they do

not wish to contribute to the superannuation fund it is proposed that they will not receive anything in the way of retiring allowance. Those members of the diplomatic service who are members of the civil service do contribute to the superannuation fund and will continue to do so as at present.

Mr. WOODSWORTH: It is desirable that there should be some regular arrangement, and I think that the Prime Minister is quite correct, that, if the ordinary civil servant is required to contribute, some such law should apply to people who have not been in the service; and further than that, I think that there should be some relationship between the amount granted and the sort of service rendered as well as the length of time in the service.

Mr. MACKENZIE KING: That is what the government has had in mind with respect to the amount proposed in the estimates in recognition of the Hon. Mr. Roy's services in Paris. Mr. Roy was in Paris representing the government of Canada for some time before and at the time of the great war. Throughout the latter period and subsequently he rendered very great service, not only to our own citizens, but also to many who came from Great Britain and other countries allied with Great Britain in the war. In the long period of time that he has been in France he has been exceptionally generous in the hospitality and service that he has extended to Canadians visiting France. He has not spared himself in any activities which it was possible for him to interest himself in, and which were likely to be of service to Canada. The government has felt, now that he has reached the age of seventy and is retiring, that this recognition is one which the people of Canada generally will regard as well merited.

Mr. WOODSWORTH: I was endeavouring to point out that there should be some basis on which matters of this kind should be decided. We give pensions to various types of civil servants and the amount given bears some proportion to the amount of salary previously paid. Under what classification does this item come, or is it to be dealt with altogether regardless of other items of this kind?

Mr. MACKENZIE KING: A deputy minister in the public service, who had been in the service twenty-five years, would receive upon retirement a pension of, say, $5,000, or at least half of his salary.

Mr. BENNETT: For which he had paid.

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: Yes, from a fund to which he had made contributions, certainly. But the position of a minister in a foreign country would correspond, I should think, more to the position of a member of the government in the importance and responsibilities of the duties he discharges; and certainly in addition there would be obligations upon a minister in the diplomatic service which there would not be in the case of deputy ministers in the public service. If my hon. friend makes such a comparison he will find that what is suggested here in the way of annuity is on a sound and fair basis.

Mr. BENNETT: The only difference between the government and myself with respect to this matter is in the amount that is appropriated. Three years ago I was led to believe that the minister had decided to retire, and I believed, after the most careful consideration with my colleagues, that $4,000 was a fair payment to make. The reason was this. Mr. Roy was a senator. His indemnity would be $4,000; had he continued as a senator he would have received $4,000 during the rest of his life, that being the present rate, though it was not the rate when he left the senate. Now he has made no contribution to the civil service fund, nor for any pension to be paid, nothing whatever, and I think the people of the country in these days would regard $4,000 —certainly I so believed—as reasonable compensation in the way of annuity to one who had rendered twenty-five years of service. The maximum that a civil servant can receive is thirty-five fiftieths of his average salary for a three year period, that is, seven-tenths; and there are very few civil servants who live out the thirty-five years nowadays, because they are retired at the age of sixty or sixty-five, and usually they retire at sixty if they can. Those who get the larger salaries hardly come in before they are twenty-five years of age.

I have no desire to do other than say what I said a few years ago, namely, that I am not unmindful of the service rendered by Mr. Roy. He was rather an extreme partisan, which is something that cannot be readily avoided at times; it is a state of mind rather than anything else at times. But Mr. Roy's contacts with the world in Paris have been of great value to the country, and not entirely lacking in value to himself. I rather think, however, that $5,000 would be regarded by the average taxpayer of the country as a larger pension than one should receive who has made no contribution at all and for whom

no provision was made—when he entered the service. He did so with the clear view that there was no pension in sight at all.

I do share the view of the Prime Minister that payments should be made by our ministers if they so desire, and if they do not so desire, then they should be without pension from the state. I am inclined to think that the same principle should be extended to our judges and that we should increase their compensation. I have expressed that view on more than one occasion. We provide pensions for our judges, making it conditional upon certain things happening. It seems to me it would be better if we also provided that the state itself should furnish ministers with an annuity if they paid for it and desired to so provide for, and that this should be part of the contract of service when they enter their employment, and if they did not desire to make a contribution from their monthly cheque to the superannuation fund, then we would have no trouble such as we sometimes have in connection with matters arising out of judicial services.

There is just one matter here that is worthy of very careful consideration. If we select persons who have not been in the service and appoint them to positions of ministers, usually it will be found that their tenure of office is not long. For instance had the course been followed which the minister expected, namely, had he in 1930 been removed from office, or recalled—and it will be remembered that the Minister of Justice made some observations regarding that matter three years ago. Then one realizes how difficult the whole problem is, of providing for retiring allowances for ministers. We appoint untrained, unskilled persons—persons untrained and unskilled in matters connected with departmental work —men who have not been councillors or second in command—usually they enter the diplomatic service of the country at an age past thirty or forty years. It would not seem to me, therefore, possible to provide for such cases by any contributions to a superannuation fund. In the very nature of things they would not expect to remain in office, they would not want to remain in office longer than eight or ten years, or whatever length of time the government that appointed them might remain in office. In my judgment it would be unfair to expect the state to provide them with pensions because their very selection for the post in question involves their being willing to accept it without pension or expectation of pension. That was so in this case, because the office to which the present minister was appointed was the office which had been held for many years by Mr. Fabre, and Sir Charles Tupper held a similar position in London for a number of years. No question of pension as such ever arose, because the office of high commissioner, both in London and in Paris, was regarded as a political one. It was never suggested that the late Lord Strathcona was in any sense qualifying for a pension during his term of service.

The difficulty that arises is also very real if you take the question of appointments within the service itself. In Great Britain it is firmly established; pension is provided for. A man who enters the foreign service of his country knows just what he may expect. He rises from one post to another, and when the time comes for retirement he knows he will receive a definite pension. The limits are prescribed and he knows just where he is, just as much as does the civil servant in the treasury department or any other branch of the public service. As I think the Prime Minister knows, this question has engaged the attention of the permanent officers of the department, and I believe I am within the facts when I state that the view is that all persons connected with the service should make contributions if they expect to receive pensions. I think that is not an unfair statement of the general view held by the permanent officials in this as well as other countries.

I do think the amount is at least $1,000 beyond what it should be, having regard to the conditions to which I refer. It was after much consideration, and with no desire to be niggardly with public money, but with a sense of real responsibility, that the late government concluded that $4,000 was an ample proposal, having regard to the services rendered and to the fact that after all it is what the hon. member for Winnipeg North Centre has said, namely the determination by the government of the day of the sum they think adequate. It bears no relation to anything but the government's view as to what is an adequate payment having regard to the services rendered and the extent of those services.

This might be the appropriate place to speak about a matter that is engaging a good deal of public attention, that is, the question of his successor. It is quite clear on the part of everybody that Mr. Roy, having reached the age of seventy, will retire. Nothing could be more fatal to the maintenance of our institutions on a sound basis than what you hear, for instance, in travelling over

the country. Mr. Justice Turgeon is suggested as a likely appointee to that post. He last discharged his judicial functions in Canada in November, 1935; he has not sat in the courts since. He has been engaged in political work—and I say political in the large, proper use of that word—and it is suggested that he is to be appointed to Paris or, if not, to Belgium. There you have a position which I regard as one of extreme gravity. I am not saying that I attach any credence to these reports, but this is in the minds of people who write me and say "It is your duty to direct attention to these matters." Sometimes one has to speak of these matters as a public duty when it is not the most pleasant thing in the world to do so.

Nevertheless, this foreign or external affairs service of ours is of very great importance; we are at the threshold of the work in all its activities and all its branches, and it does seem to me that we should try to follow, as far as may be possible, a general idea of a measure of permanency. I am quite sure that if conditions had been reversed in 1930 the minister to France and the minister to Japan both would have been recalled, judging by what the Minister of Justice said in 1935. I took the other view. I believed, as I still do, that notwithstanding the known political views of those who held those offices, it was highly desirable, especially when we were just at the beginning of our new experience in appointing ministers, that we should endeavour to do the best we could. I am not unmindful of the censure I received from my own friends, and I sometimes wonder whether or not I was right in taking the view I did. Nevertheless they remained and discharged their duties I think in the main satisfactorily, so far as I know. Certainly the difficult position in one of the countries could be met only by one with a considerable and extended experience there. In Paris I think the situation never was very onerous as far as hard work was concerned. We negotiated a trade treaty, which was largely the work of the commercial side of the legation as well as of the minister of France to Canada and our own people here. But the idea of permanency, the idea of promotion, the idea that men who enter the service in a junior capacity may one day find themselves occupying positions of great authority and importance, I think should be encouraged by every means possible.

I say that very frankly; I say it having endeavoured to practise it. I know how earnestly some of these younger men have striven to do their work, looking and hoping for promotion. In the very nature of things promotion is naturally slow, because we have a very small service, but I could name—I shall not do it this afternoon—numbers of men who are now ministers of Great Britain, some of whom are ambassadors, who started in a very small way. It has not been unusual to go outside the service in that country, of course. There was the case, for instance, of Lord Bryce at Washington; the special mission of Lord Reading for a very few months and the case of Sir Auckland Geddes. These were exceptions that were made because of very exceptional circumstances, and I believe the service itself did not raise any objections. But the general theory of the British diplomatic service is that the man who enters as a junior may look forward to finding himself in the position of minister or ambassador; or sometimes, and not infrequently, they are called to the foreign office itself, where they undertake great responsibilities. My attention was directed, for instance, to the fact that the present minister from Great Britain to Japan went directly from the foreign office, while the minister he succeeded at Tokyo was transferred to Belgium because he had had exceptional opportunities to acquire knowledge of conditions in that part of the world when he was not an ambassador or minister. I think there is no branch of the public service in which there should be greater endeavour, and particularly as it is a new branch, at least to leave the idea in the minds of those entering the service as a career, that there is an opportunity of promotion which may lead them to occupy positions of importance. It should be understood that those positions are not reserved for those who have rendered services, politically or otherwise, but that they would be the meritorious right of those who have really rendered service in the department. Such promotion I believe wiill ensure a better service, and certainly a more contented one.

Mr. MACKENZIE KING: With most, in fact practically all of what my right hon. friend has said I entirely agree. But when he speaks of Mr. Roy's services as having been of a partisan nature I am afraid we must part company.

Mr. BENNETT: I say, at the start.

Mr. MACKENZIE KING: My right hon. friend may have forgotten the fact that Mr. Roy was appointed at the beginning of 1909, and that Sir Robert Borden took office in 1911. Mr. Roy's services had already apparently been of such a character that Sir Robert felt it was desirable to continue him in a

position which, as the leader of the opposition has said, corresponded with that of high commissioner in London. Mr. Roy was continued through the period of the great war, and after so long as Sir Robert continued in office. When Mr. Meighen succeeded Sir Robert as Prime Minister and Secretary of State for External Affairs, he, too, retained Mr. Roy in that position.

My recollection is that after the Conservative government was formed in 1911, the late Sir George Foster went to France on an important mission. Sir George had been strongly prejudiced against Mr. Roy, possibly because he believed there must necessarily be partisanship inasmuch as Mr. Roy was an appointee of a Liberal government, but Sir George came back from Paris feeling very strongly the other way. He had found Mr. Roy's services invaluable, and also that Mr. Roy himself held the confidence of the French ministers to a remarkable degree. I believe at that time it was in large part Sir George's influence which was responsible for Mr. Roy's continuance in office. Sir George was there, and saw and appreciated the nature of the work accomplished. When the Liberal administration took office Mr. Roy was continued, and my right hon. friend retained his services when he took office. I believe Mr. Roy has endeavoured to serve all governments conscientiously and faithfully. There may be some evidences of partisanship which may be in the mind of my right hon. friend, with which I am not familiar.

Mr. BENNETT: There are.

Mr. MACKENZIE KING: I suggest the long record of a service of twenty-seven years under different governments and through most critical times distinguishes Mr. Roy as a faithful public servant, and one whose exceptional as well as long services to the state are deserving of every recognition.

In regard to the desirability of having a diplomatic service so constituted that men entering the service may look forward to a permanent career therein and to recognition by way of promotion for merit, I am in entire agreement with my right hon. friend. As he has pointed out, however, the service up to the present time is small, and the responsibilities of a minister are great. A minister in Europe to-day is in about as important a relation to his country as a man can possibly be. While it is certainly desirable to find among the younger members of the service those who merit promotion to higher positions, I submit that with world conditions what they are to-day a great responsibility rests upon a government with respect to the character, capacity, experience and particularly the sound judgment of the men to be appointed to the post of minister abroad.

Mention has been made of the name of Mr. Justice Turgeon. I think it is only natural that he should have been thought of. Certainly were he appointed to a position of the kind it would not be as a reward for political service in any way, but because of qualities of exceptional judgment and ability, which are recognized I believe on all sides of the house. As hon. members know, however, it is not possible, until provision has been made for the office, and until the name of whoever is suggested has been approved by the government of the country to which he is to be sent, to say anything about the person likely to receive appointment. All I can say is that in any appointment to be made the government will endeavour to make a selection which will commend itself to the country, irrespective of the political affiliation indicated.

Mr. THOMPSON: What was Mr. Roy's annual salary while he was minister to France?

Mr. MACKENZIE KING: $12,000.

Mr. BENNETT: And living and automobile allowances.

Mr. THOMPSON: Then I must register a protest against payment of the amount indicated in the vote. I protest against the payment of these moneys to a man who has been drawing during that time $12,000 a year.

Mr. MACKENZIE KING: Just in the years he was minister.

Mr. THOMPSON: Drawing $12,000 a year during the years he was minister he should have saved enough to look after himself for the rest of his life. I farmed during my lifetime; I worked hard and saved. Had I not saved something for my old age I would have to go to the poor house. That is all there would be ahead of me. I am decidedly opposed to pensions being paid by the government to people who have not contributed towards them. This pension is to be paid by the already over-burdened taxpayers of Canada. It appears that $5,000 per year is to be given to a man who since 1909—

Mr. MACKENZIE KING: I should have said 1911.

Mr. THOMPSON: —a man who since 1911 has been drawing $12,000 a year and allowances.

Mr. MACKENZIE KING: He has not been drawing $12,000 since 1911; he drew that amount in the last ten years.

Mr. THOMPSON: And that makes $120,000. What were his allowances?

Mr. MACKENZIE KING: I understand they were $13,000 a year.

Mr. THOMPSON: His allowance amounted to $13,000 a year and his salary to $12,000. If you go out into the country and tell the people that a man who has been drawing $12,000 salary and $13,000 allowances for the past ten years is to be given $5,000 a year for the rest of his life you know what will be said about it. I would ask that the item be struck out altogether.

Mr. DUPUIS: What are his annual expenditures due to his functions?

Mr. MACKENZIE KING: I believe if I were to go into detail it would be found that his expenditures took up most of, if not in some years more than his salary and allowances.

Mr. WOODSWORTH: Since I have tried to get some answer to the question as to how the sum was arrived at, perhaps I might be permitted more or less to endorse the view just expressed. I have nothing whatever to say personally against Mr. Roy or his service to the country; I want that clearly understood. Further than that I know there are many people in one way or another connected with the government service whose salaries seem very high in comparison with those of ordinary Canadians. I recognize that. At the same time I do not see any way of bringing the matter to the attention of the house other than by taking it up on a particular instance of this kind. That is the reason I speak at this time. If any one else were involved I would proceed in the same manner.

When I think of the niggardly allowances we give to people on old age pensions, when I think of $20 a month in some provinces being cut down to $15, and when I consider the large numbers of people who to-day are striving desperately to maintain themselves and to educate their children on very small means, I feel the country is not in a position to give large salaries, large allowances or large annuities to any one group, even though that group may be associated with the government. After all, those of us who as members of the House of Commons, or of the civil service, or who serve the country in some other capacity, are drawing public funds must remember that those sums are paid by the ordinary people. The people on the public payrolls are not in a higher position than the citizens at large. Since the great majority of our citizens are not receiving anything like these salaries, I think it is high time that there should be a revision in the whole scale of payment to those who receive their living from government sources.

For example while the internal arrangements of the old post office near this building may have been far from modern, I never go out and see the efforts being made to tear down its walls without feeling that it is wrong that we should act in that way when all over the country there are hundreds of thousands of people with hardly a roof over their heads. We have hesitated to go into a housing scheme yet we do not need to go any further than to lower town in Ottawa to see the wretched housing conditions that exist. I am not oblivious to the need for beautifying the capital. I recognize it should be a beautiful place; these institutions belong to all the people, but we must not forget that in our ordinary affairs we try to place necessities before luxuries. This government ought to be made to understand that the vast majority of the people of Canada are to-day in necessitous circumstances. Hardly a day goes by that I have, not only correspondence but interviews with people who come to me to explain the difficult—yes, almost desperate—situation in which they find themselves. I am frankly taking advantage of this opportunity to bring this aspect of the case before the government. We must take advantage of opportunities like this to drive home a position that is held, not only by some of us as individuals but I am sure by the whole of the people whom we are sent here to represent.

Mr. MacNEIL: Would the Prime Minister explain Canada's position in relation to Mexico, in view of the withdrawal of the British ambassador from that country? In what manner are our interests being represented at the present time?

Mr. MACKENZIE KING: We have a trade commissioner in Mexico who looks after our interests so far as trade is concerned. I doubt if we have sufficient political interests to require special representation in that country at the present time.

Mr. BENNETT: Speaking for myself and for many others I say frankly that the appointment of Mr. Justice Turgeon to Paris would be looked upon as an affront to the Canadian people. Since November, 1935, Mr. Justice Turgeon has not sat on the bench, but he has drawn his salary as a justice together with other moneys as well. If he were to be appointed now to represent us in Paris it would have a most serious and detrimental

effect upon our institutions and the respect that the people of Canada have for the judiciary of Canada. I want to make that very clear.

Mr. GREEN: What arrangements are made to look after the interests of Canadians abroad, such as in the recent troubles in Shanghai? Refugees have arrived on the Pacific coast from that troubled area and many have complained bitterly of the lack of help and protection given to them by any Canadian officials in Shanghai. If they wanted any help they had to go to the British. Such a situation does not seem right and I should like to know what arrangements are made to look after Canadians who are in distress.

Mr. MACKENZIE KING: The statement just made by my hon. friend would imply that Canada should have either a legation or a consular service in every country of the world. If we are to look after our Canadian citizens everywhere, as the great powers seek to do, that would be the proper course to follow. I believe the time will come when Canada will have ministers and consuls general in all parts of the world, but I question very much if the Canadian people would approve of the government taking so far-reaching a step at the present time. So far as Shanghai is concerned, we have no minister, nor have we a consular service in China. We have a fund which is used to help in the repatriation of Canadian citizens in different parts of the world where situations arise such as the serious bombardment which took place in Shanghai. We sought to get as full information as possible about Canadian citizens in China and in that port in particular. We gathered such information as we could from bodies and corporations in this country that had representatives in China. We also communicated with the British authorities who were entirely ready to render any assistance that they could to any British subject in China, whether he came from Australia, South Africa or any other part of the empire. Our own citizens who were there in a business capacity rendered what help they could, but no assistance was received from any Canadian minister or any consul general because there was not one there.

Mr. GREEN: Did the Canadian government take any steps to help Canadians get away from Shanghai?

Mr. MACKENZIE KING: Had we received any communication indicating the necessity for so doing, we would have endeavoured to make some response, but we were not requested to take any steps to that end.

Mr. GREEN: If a Canadian became destitute because of the trouble occurring there, would this government help him to evacuate his family? Is there a fund for that purpose?

Mr. MACKENZIE KING: There is a limited fund that is available for repatriating Canadian citizens who are in distress. Each case has to be more or less carefully examined and the help given would depend upon the circumstances. I would not like to make the general statement that everyone would be assisted; it would depend entirely upon the circumstances.

Mr. MacNEIL: I would appreciate a statement from the Prime Minister as to our relationships with those great powers whose policies may not always be in accord with those of the United Kingdom. In many countries our interests are handled by the British ambassador and there is some concern that should occasion arise to withdraw the British ambassador, it might be considered that Canada was automatically a belligerent nation. Has the government considered the desirability of extending our consular service to certain great European and Asiatic countries?

Mr. MACKENZIE KING: The question of having a consular service of our own has been under consideration. We have our trade commissioners who perform in considerable degree the duties that consuls general perform. So far as Europe is concerned I question very much whether this would be the best moment in which to institute a consular service. There are times and seasons for all things. I agree with my hon. friend that it is desirable that we should have our own consular service. I have no doubt that we shall soon begin in a small way, as we have with our legations, to have consular representation in different countries.

Item agreed to.

Grant for expenses of Canadian committee of the American Association for the Advancement of Science in connection with summer meeting to be held in Ottawa in 1938, $3,500.

Mr. McCANN: I notice this is a grant for $3,500. Last year when a purely Canadian institute, the Canadian Medical Association, was meeting in the city of Ottawa, the grant was but $1,000, although it is an organization of ten thousand members. I should like to know upon what basis these grants are made from time to time.

Mr. MACKENZIE KING: This gathering will be international in its character. Where similar gatherings have been held in the

United States generous provision has been made for the work of such associations. This grant is based on seeking to do what we regard as right and proper in the circumstances of an international gathering of one of the most important scientific bodies on the continent at a time of its meeting in the capital of Canada. So far as the medical association is concerned, I think my hon. friend said it was a Canadian association being entirely composed of our own citizens. In this case the grant is in part the exchange of an international courtesy.

Item agreed to.

Canada's contributions to maintenance of external organizations—To the expenses of the League of Nations for 1938, including secretariat, international labour organization and permanent court of international justice, $150,565.

Mr. THOMPSON: What amount of last year's grant of $155,000 was expended for this purpose?

Mr. MACKENZIE KING: The whole amount.

Mr. WOODSWORTH: Mr. Chairman, there is a matter I should like to bring up which does not come strictly under this item, but I do not know that there is any other under which I can raise it. I asked the Prime Minister the other day with regard to the prospective sale of Anticosti island, and he informed me that the matter was being watched by the government and that he thought the interests of Canada were being safeguarded. Perhaps we might have a little fuller information. It is certainly a matter pertaining to external affairs. From my standpoint, whether or not Anticosti island is going to a German company under whose ownership it might possibly be used for some purpose not for the welfare of Canada, it is highly undesirable in any event that a large piece of territory in Canada should pass into the hands of foreign interests, any foreign interests.

Mr. BENNETT: Hear, hear.

Mr. WOODSWORTH: I suggested the other day that there were possibly dangers because of the strategic position the island occupies. I do not know whether it might be made the base of operations or whether certain preparations might be made there that would render the island valuable in time of trouble; but if the right hon. leader of the opposition was right when he said a day or so ago that during the great war mines were laid off our own coast, I think it would be highly undesirable that any foreign government should have a base somewhere near our coast. I do not think the members of this house will accuse me of being in any sense an alarmist; but war is war, and here is an island situated right within our doors and right beside the great United States republic to the south of us. That is one aspect of the case.

Again, if any foreign interests get hold of the resources of that island, they might desire to export them whether or not it was in the interests of this country, and it might be extremely difficult for us to enforce our own regulations under those circumstances. While primarily this is a matter that concerns the province of Quebec, there is a larger question involved. If there is any danger of the island passing into foreign hands, the dominion government should take it over as public property. I do not know if it can be turned into a park; but let it be turned into any sort of asset you please rather than have it pass into foreign hands. The island is too important to pass into foreign hands and under foreign management. Would the Prime Minister inform us a little more definitely on this matter than he did a few days ago in answer to the question I put on the orders of the day.

Mr. MACKENZIE KING: May I say to my hon. friend that I think the question he has raised is quite a proper one to raise at this time. As I informed him, the government has been watching the situation as far as Anticosti island is concerned from the time there were rumours that certain foreign interests might seek to acquire the island. Not only has the federal government been watching the situation carefully but also the government of the province of Quebec, of which province Anticosti island is a part. Our two governments have been in correspondence with each other, and I think I may say that we are now of the opinion that because of misunderstandings to which it might give rise it would not be in the interests of Canada to have Anticosti island at this time pass into the hands of a foreign corporation. I think my hon. friend and the house may be assured that such will not be permitted to take place.

I should however like my hon. friend to consider for a moment to what his suggestion might lead if the government were to begin buying up and expropriating properties that corporations were seeking to dispose of to foreigners. Instead of having a possible base established at Anticosti we would be having

possible bases established at many points throughout the country. I remember hearing many years ago that the emperor of Korea who had a great dislike for tall buildings, began to buy up all buildings over a certain height. Some of the servants in one of the legations got on to this and combined to build a tall building near the Emperor's palace with the result that the emperor was put to all kinds of trouble as well as expense in acquiring the property. I do not put that forward as a serious example but just to illustrate, certain traits of human nature being much the same in all lands, what might take place in Canada if the government were to expropriate properties because it was thought foreigners were seeking to take possession of them. For many reasons we have to view with great care the acquisition in a large way by the state of great properties in different parts of the country.

Mr. WOODSWORTH: I am glad the Prime Minister said that he did not put forward that illustration of tall buildings as a very serious argument.

Mr. MACKENZIE KING: Only as illustrating human nature.

Mr. WOODSWORTH: It may have been human nature; but there are ways of overcoming the vagaries of human nature, and the government should see that this is done. This is what was reported at the last annual meeting of the Consolidated Paper Corporation. The president, Mr. L. J. Belnap, referred to the prospective sale of Anticosti island to parties in Holland who several months ago had secured an option.

Mr. DUPUIS: What was the date?

Mr. WOODSWORTH: It was at the last annual meeting of the corporation, and it was reported in the Montreal Star, but I have not the exact date of the meeting. That is something pretty definite. I think we must recognize that there is not a very large number of Anticosti islands or anything of corresponding size that would be likely to be bought up by foreign interests, with the view of forcing the government into the awkward position of having to buy them. Anticosti island is in a unique position.

Further than that, the Prime Minister said just now that he has been in negotiation in regard to this matter with the premier of Quebec. I think we have a right to know what that negotiation involves. Is the Prime Minister prepared to state definitely that this sale will not be allowed to go on?

Mr. DUPUIS: He just said so.

Mr. WOODSWORTH: No; he did not just say so. There is another matter involved. The Belnap paper corporation suggests that to the foreign company there should be added some Canadian directors. In that way, I fancy, it would be quite possible to camouflage the whole situation.

Mr. BENNETT: Quite.

Mr. WOODSWORTH: I should like the Prime Minister to tell us definitely as a matter of governmental policy whether this government will allow Anticosti island to be sold to any foreign corporation. I want to get an assurance on that. I do not think that is unreasonable. Otherwise the matter is just going to drift and drift, and then possibly some very interested party will bring very great pressure to bear on Quebec, and Quebec, thinking in provincial terms, might very readily allow the transaction to go through. I introduced the matter first on the orders of the day, because I felt that this was not solely a provincial matter, but rather a matter of dominion importance. I think we are entitled to receive an assurance from the Prime Minister.

Mr. DUPUIS: Did the hon. member ever protest when the same island was for many years the property of a Frenchman, Monsieur Menier.

Mr. WOODSWORTH: No.

Mr. DUPUIS: Was not the hon. member then a member of this house?

Mr. WOODSWORTH: I was not a member for most of the time that Monsieur Menier held the island, and I think the Prime Minister, at least, will agree that the situation to-day is very different from what it was when this property was owned by a Frenchman. It is now owned by a Canadian corporation.

Mr. BENNETT: In common, I suppose, with other members of the committee I have received many communications regarding Anticosti island. I treated them at first as being the rather extreme views of people who might be regarded as extreme in their attitude of mind towards the transaction, and I awaited further information. Now, Mr. Chairman, I am going to give you and this committee the benefit of the information I have. While possibly some of it may be inaccurate, in the main I think it can be relied upon.

First, there is outstanding an option for the sale of that island. Second, that option was given nominally to a Hollander. Third, a committee of foreigners came to this country

to inspect that island. Fourth, the investigations made it quite clear that they were men of very great eminence in Germany. When I say "eminence" I mean eminent as militarists, as naval experts rather than as foresters, only one of them, I believe, could be described as a man who had any really high reputation in connection with forestry. The number of these men was very considerable. It was announced in a Montreal daily newspaper that they had arrived. The work they did is well known. The declaration made by the president of the Consolidated Paper company the other day as to the outstanding option removed any doubt, of course, which there might be in the mind of any person as to the possibility of the acquisition of this island by foreigners. I have never thought it was a very serious matter under normal conditions that a piece of territory in a province might be sold to people who were not British subjects. I learned, however, that there might be great importance attached to it. I suppose it is known to very few members of the committee that under the constitution of the state of Washington no foreigner can under any circumstances own a single piece of land in that state.

Mr. DUPUIS: Even companies?

Mr. BENNETT: No.

Mr. DUPUIS: In the United States?

Mr. BENNETT: Neither directly nor indirectly, in the state of Washington.

Mr. POWER: California has a somewhat similar law.

Mr. BENNETT: Theirs is somewhat modified.

Mr. POWER: I think it applies to Japanese only.

Mr. BENNETT: Although I learned this professionally, I suppose there is no reason why I should not mention it. I was representing certain interests who wanted to acquire property in Washington. They were Canadians, and in consultation with the authorities I learned that the supreme court of Washington had decided that there was no means in the world by which a foreigner, a company or corporation or partnership or anything else, could acquire title to a piece of land in that state. In days gone by I did not attach much importance to this question of ownership, especially in view of the fact that companies are mainly the owners.

But now let us go a step further. Had this investigation been limited to the question of the number of cords of wood upon the island, the matter would have been simple. Unfortunately that is not solely what the investigations were about, and if there is any interest on the part of this committee as to the names of the investigators I can give them. I can also give the committee some information as to their reputations in Germany, their high reputations for skill, but not as foresters or as woodsmen. They have very close and intimate associations with the government of Germany. When my correspondents—more than one—saw what took place the other day at the annual meeting, they said, "Now you see how wrong you were. You see how much importance really does attach to this." Now it is proposed to do what was done by aliens in another province. In British Columbia certain aliens acquired interests in a timber limit and in something else which we shall leave out for the moment. They organized a company; of course it was a Canadian company and they had Canadians to act for them. I wonder how many of us have forgotten what happened at the outbreak of the war. I wonder if all of us have forgotten that distinguished German who cut so wide a swath in Vancouver. I wonder if we realize just what we discovered after it was all over.

It is proposed that a company shall be organized, a Canadian company. Well, in this material age Canadians with an assurance of good faith lend themselves to these matters and then endorse the certificate in blank, and that is the end of it; the active management passes into the hands of people who are selected by somebody else, and the purposes are not made apparent.

I suggest to my right hon. friend the Prime Minister of this country that the Expropriation Act, chapter 64 of the revised statutes of Canada, should be utilized. In section 2, paragraph (g), a "public work" is defined as meaning "fortifications and other works of defence, and all other property, which now belong to Canada," etc. There is granted the power of expropriation, fortunately, which enables this government to file in the appropriate registry office a plan—that is all that is necessary—over the signature of the Minister of National Defence, and the property is ours; it is then in the crown in the right of the nation. It does not make any difference whether or not it is crown land in right of the province; it is ours, because the nation requires it for its national well-being. The statute also provides something which I regard as of very great importance. It is not essential that you acquire the whole of the property; only such interest in it need be acquired as may be necessary for the purposes for which it is being acquired.

I therefore suggest to the Prime Minister the desirability of consulting with his officials in the Department of Justice and the Department of National Defence, and filing a plan to-morrow to acquire, not the timber, not the trees, not the forests, but the soil, the land of Anticosti island, making it clear that we do not want the trees. If they desire to carry on their operations they will still be able to do so, but we shall own the land itself in right of the crown. Then the question of taking possession comes up. We have the right to take possession at once when we deposit a plan. We deposit a plan indicating as nearly as we can the land which we are taking possession of—very simple in this case, for it is the land of Anticosti island. Subsection 2 of section 9 provides:

When any land taken is required for a limited time only, or only a limited estate or interest therein is required, the plan and description so deposited may indicate, by appropriate words written or printed thereon that the land is taken for such limited time only, or that only such limited estate or interest therein is taken, and by the deposit in such case, the right of possession for such limited time, or such limited estate or interest shall become and be vested in his majesty.

I repeat that we would get out of a very difficult position by merely expropriating the soil, leaving the trees, making it clear that we are not taking the forests, and that those who are acquiring them, if they desire to do so for the purpose of operating the mills, cutting down pulpwood and doing matters of that kind, may be able to do so. Have it written on the plan that the widest possible facilities will be afforded by the crown to those who may desire to carry on lumbering operations.

Mr. POWER: I am informed that we have some title to the sites of the lighthouses, so that the federal government has at least a foothold. Besides that, the federal government at one time, over my very serious protest, subscribed something like three or four hundred thousand dollars to the harbour of Anticosti, so that we have some claim on the wharves.

Mr. BENNETT: I looked into the wharf situation, and I am bound to say that on a moment's reflection I should have remembered the lighthouses because I have passed by when the lights were shining and I realized that they were under federal power. I should have remembered that, and I thank the hon. gentleman for directing my attention to it. I do remember the harbour; it was assistance given to the enterprise that was undertaking to remove pulpwood from Anticosti, which they said they could not ship because of lack of facilities for doing so. It was essential that they should have a harbour to enable barges to be laden with the wood and towed down to one of the pulp and paper mills. I do not think it can be said that the Anticosti venture has been a great success. I put it as mildly as that and say nothing further about it. But here is an opportunity for us to acquire what I describe as the title to the surface. On the plan we can make it clear that we do not want anything in the way of buildings that are owned by others, or trees, forests or anything else, but that the crown for national reasons proposes to acquire property in the soil. It can be made plain that any use that may be desired for purposes of development will always be facilitated, that any facilities required will be available, and that they will be free to put up a mill or do work of that sort. That has been done in this country.

I suppose it does no harm for one to refer to the fact that when we went to Churchill and chose that as our site we filed a plan. Although there had been a great deal of what might be called speculative buying and selling of that townsite, nevertheless people were awarded $60 a lot by the exchequer court. That is my memory of it. At any rate, it was a very small sum. There may be some members in this house who recall the exact amount. It will be remembered also that when we had to do with the improvements in Montreal, without waiting even for all the details, a plan was filed in the name of the Minister of Railways and all that land was vested in the crown. The present Minister of Finance was then Minister of Railways. The hon. gentleman is now coming into the chamber, and I may tell him I am referring to the plan filed by the Minister of Railways at that time for the acquisition of lands in Montreal in connection with the proposed construction of the terminals there. I was also discussing what was done in connection with the filing of a plan for taking over the townsite at Churchill under the Expropriation Act. A question was raised in the court as to the validity of these actions and the court sustained the action taken by the government, holding that under this very statute it was a valid exercise of power in connection with the Churchill matter.

I suggest that the cost would be insignificant, trifling—why? Because we do not suggest for a moment that we are going to take that to which value has been attached. If all these stories are true, these people are not

going in there for anything other than the development of the forest resources of the island; and in the plan that we would file we would make it clear that we did not intend to touch or to interfere with development of anything connected with those resources, and that the surface, to the extent that it might be required to enable them to develop the forest resources, would still be available for them, but that we would be proprietors of the land. There is a special provision with respect to crown lands owned by the province. I make this suggestion to the Prime Minister with much hesitancy. Frankly, I found it a little difficult to bring my mind to the thought that this was worthy of serious consideration, but I am satisfied that it is a serious matter. All you have to do is look at the personnel, if you like, of the whole situation. One does not want to talk about relationship and ties of marriage and matters of that sort, questions of the nationalities of various people. We do not want to discuss that, but if you look into these things you will find that there is ample food for careful thought.

Mr. MACKENZIE KING: My right hon. friend as well as the hon. member for Winnipeg North Centre has referred to the possible seriousness of the situation. May I say that the government has been fully alive to that aspect of it from the beginning. We have been watching the situation very carefully, and, as I have indicated, have been in communication with the government of the province of Quebec in relation to it. I am glad to be able to say that the government of the province of Quebec and this government are of one view with respect to the importance of that island being kept securely for Canadian interests, and that no foreign interest should be permitted to get any control of it in a manner that could possibly prejudice the position either of the province of Quebec or of all Canada. My right hon. friend has referred to the Departments of Justice and National Defence as departments likely to be principally concerned. I may say that for some time past both departments have been at work on the obtaining of detailed information, and have been carefully considering what steps might be advisable and necessary. I do not think I should say more than that the government itself is considering what is the best step to take and the time to take it in the light of all circumstances. We are not overlooking any circumstances of importance, but in dealing with property in any province care has to be taken to consider the interests of that province and how the province concerned is likely to view any action on the part of the dominion government. If it is found necessary to take action on this matter of the character indicated I hope whatever is done will be done with the full accord of both governments. Certainly that accord exists at the present time with respect to the steps that thus far have seemed essential to protect all interests.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. MACKENZIE KING: Item No. 45, Mr. Chairman.

The CHAIRMAN: The leader of the opposition stated he had not finished at six o'clock.

Canada's contributions to maintenance of external organizations—To the expenses of the league of nations for 1938, including secretariat, international labour organization and permanent court of international justice, $150,565.

Mr. BENNETT: When Mr. Chairman called it six o'clock I had not concluded what I was saying. The right hon. the Prime Minister spoke after the chairman had said it was six o'clock. I wish to make only a few further observations in connection with this matter. Hitler's personal representative, or a gentleman who at any rate alleges he is such, was in this country on Saturday last, and was in Ottawa on Sunday. He stated he had been down to Quebec to see the premier there. Whether or not that is correct, I cannot say. I only know what he said and that Sunday he was here. The highly intelligent gentlemen of the press seem to have overlooked the fact. Whether it was in relation to Anticosti island or not, I have no means of knowing. But at any rate he managed to escape publicity here.

I have pointed out the method by which the crown can relieve us of any possible anxiety or worry with respect to this matter, and without incurring any very substantial financial obligations. I say that because the statute is framed for the purpose of enabling the crown to acquire a very limited interest or such interest as may be desirable for the purpose of protecting itself from any improper claims. It is needless to say that the island of Anticosti lies in the gulf of St. Lawrence, and not only commands the north and south shores of the river and the gulf, but commands the trade and commerce of the whole of that watershed which is drained by the great lakes

and the St. Lawrence. From a strategical standpoint it is of very great importance. I know not of its value from the standpoint of its possibility of production of pulpwood, but I knew something of the circumstances under which it was acquired, and of the surveys which were made at that time. It is very difficult to understand just why soundings, for instance, are so essential now for the purpose of ascertaining the value of an island for timber purposes.

Mr. DUNNING: There is a very important reason there, in that case.

Mr. BENNETT: But I am talking about recent times. I agree that a very substantial investigation did take place, and rightly or wrongly we were induced, in view of representations made as to the situation of the paper industry, to provide money for the construction of wharves at Anticosti island, to which the Minister of National Health referred this afternoon. But more recent explorations in that direction are perhaps a little more difficult to understand.

One word more, and that has to do with our situation with relation to our friends to the south. The importance of the island from the standpoint of an airport or the standpoint of a possible base for many operations must be apparent, and affects as well our relations with the outside world as our relations with our friends and neighbours to the south. It would be an unpleasant situation if it were to develop that we had not protected ourselves to the fullest possible degree. I was glad to hear the Prime Minister say—what I would expect he would say, of course—that he is fully aware of the possibilities latent in the situation.

I am sure anyone charged with the responsibilities of government would realize these possibilities. The steps which might be taken for the purpose of protecting ourselves is another matter altogether. I think the provisions of the statute might easily be utilized so as to protect us, and at the same time not involve any heavy liabilities.

I have not forgotten the tendencies of our friends from Germany. Those who have read the memoranda left by the last German ambassador to Great Britain before the war, Prince Lichnowsky, will realize to what extent he, himself, was the victim of deception in connection with the operations of his own country. I think it is only fair to say that one country house, which was frequently visited at weekends by German representatives, was found to be a vantage point for observations from the roof. The type of men who came here to make investigations which were not made in a corner—in that sense they were done openly—certainly were not Hollanders nor were they Dutch. They were not men who were concerned solely with the manufacture of pulp, as I mentioned this afternoon.

We should not hesitate to take steps which would render it impossible for us to have any further anxiety with respect to the matter. The statute I think provides a remedy, without involving us in any great liability. It is always difficult to know how far one should go in discussing a matter of this kind. There is a public duty with respect to the community at large on the part of those who constitute an opposition, and there is a public duty as well not to arouse unnecessarily public anxiety or even public resentment. But on the other hand I had occasion the other day to refer to what had come to my own observation, and not in this part of Canada, I am perfectly frank in saying. Since then I doubt not that many members of this committee have read in one of the great United States newspapers of the anxiety that is felt there with respect to somewhat similar matters. The far-reaching consequences of the doctrine that has been enunciated by the German Fuehrer in connection with minorities, and the duty to the parent state of all who owe, or whose ancestors owed allegiance to that community, are such as to make one apprehensive under the conditions to which attention has been directed here.

If I have refrained from making statements that I think possibly at the moment might not assist the government in the discharge of its public duty, I do so because, the Prime Minister having stated that the government is fully aware of the circumstances to which attention has been directed, and that it is taking every reasonable step to deal with that situation, I should do nothing which will embarrass the government in that work, except to point out certain difficulties which I think are inherent in the situation itself, and particularly that difficulty which arises out of the organization of a Canadian company with dummy directors, alleging that there is no danger or fear because the Canadian directors or those in charge may have pieces of paper issued to them which they have endorsed in blank and which mean nothing in the world. The whole situation so bristles with difficulties that it does seem to me an easy way out would be to take the appropriate proceedings and expropriate that island; not the property as a whole, but the soil without the forest or the mills or the wharves;

just what might be necessary to constitute proprietorship in the crown in the right of the dominion.

Item agreed to.

To portion of expenditure of the imperial economic committee and the imperial shipping committee for 1938, $18,690.

Mr. GREEN: Would the minister explain the work of these two committees?

Mr. MACKENZIE KING: As my hon. friend knows, these are committees that are set up in London, the memberships being made up of representatives of the different parts of the empire. The one committee deals with economic questions, the other with questions pertaining to shipping that affect several parts of the empire. The Canadian representatives on the imperial economic committee are Colonel Vanier and Mr. M. F. Hudd. The work of the committee is mainly the collection and presentation of economic information relating to different commodities or groups of commodities, the general purpose being to throw light on the competition which empire countries are likely to meet. This is done through reports to governments on subjects within the terms of the committee's reference, such as the issue of economic information on the production, trade and consumption of particular commodities. The commercial intelligence service of the committee covers canned and dried fish notes, dairy products' notes and the publication of world surveys of production, trade and consumption of selected commodities, for example, cattle and beef, mutton and lamb and so on. World surveys on apple, pear and fig production are under preparation. Inquiries made at the time of the last imperial conference indicated that the different governments were making an extensive use of the trade information and statistical services of the imperial economic committee.

The Canadian representative on the imperial shipping committee is the high commissioner for Canada. In his absence, he is represented by Mr. MacLeod of Canada house. It may be noted that among the inquiries of the imperial shipping committee involving questions of interest to Canada are Pacific shipping, marine insurance, Hudson bay and St. Lawrence river routes and communication with the British isles.

Mr. GREEN: What is the situation in connection with the purchase of new boats for the Canada-Australia-New Zealand service?

Mr. MACKENZIE KING: That particular matter would come under the Department of Trade and Commerce. It was a subject of consideration some time ago by the imperial shipping committee. The Minister of Trade and Commerce would be the one to report on the progress of negotiations. I may say to my hon. friend that the matter is subject to negotiations at the present time which have not been completed.

Mr. GREEN: Did this imperial shipping committee report in favour of new boats being required for this service?

Mr. MACKENZIE KING: The imperial shipping committee is a fact-finding body. It does not report for or against a project; it rather seeks to present an analysis of the situation with a view to enabling the governments concerned to work out the more intelligently and effectively a solution of the problem among themselves.

Mr. MacNEIL: If I might revert to the the previous item, could the Prime Minister advise if Canada has been consulted in connection with the recognition of the Italian conquest of Ethiopia? Has any particular attitude been expressed in that regard?

Mr. MACKENZIE KING: The governments of the different parts of the empire, including the government of the United Kingdom, are free to take their own course in the matter. The United Kingdom government has adopted its own course. Up to the present we have not had occasion to express any view.

Item agreed to.

International joint commission, 1-2 Geo. V, chapter 28, $75,000.

Mr. BENNETT: This item deals with the expenses of the international joint commission. It is a statutory item and does not require a specific appropriation, but it affords me an opportunity to direct the attention of the government to a matter that I regard as rather serious, especially in view of the decision of the privy council in connection with our right as a parliament in any sense to abridge or lessen the powers of the provinces. Section 2 of chapter 28 of the statutes of 1911 reads:

The laws of Canada and of the several provinces thereof are hereby amended and altered so as to permit, authorize and sanction the performance of the obligations undertaken by His Majesty in and under the said treaty; and so as to sanction, confer and impose the various rights, duties and disabilities intended by the said treaty to be conferred or imposed or to exist within Canada.

This is a direct and clear-cut statement on the part of this parliament that any laws in

any province of Canada should be set aside by that treaty. There it is. If the decision to which I have referred is sound, then this statute is useless and our international joint commission has no foundation. In the very nature of things it does deal with matters that are within provincial jurisdiction. As long as it deals with matters within the federal jurisdiction I cannot conceive of any difficulty arising, but the language of that section and the judgment of Lord Atkin are in complete contradiction with one another. Speaking for the privy council he has said that we have no power to abridge, lessen or alter the constitutional rights of the provinces by any treaty that we might make. True, this treaty was made by Great Britain, not by Canada. Lord Bryce signed on behalf of Great Britain and Mr. Root, on behalf of the United States, but that fact does not get us away from the provisions of section 132 of the British North America Act. This is not a matter of a treaty within the empire; it is a treaty that has to do with the United States. On May 19, 1911, we passed a statute that declared:

> The laws of Canada and of the several provinces thereof are hereby amended and altered so as to permit, authorize and sanction the performance of the obligations undertaken by His Majesty in and under the said treaty;

This is so clear that I felt at the first opportunity which offered, namely, when the estimates were under consideration, I should direct attention to it. I should like the law officers of the crown to satisfy themselves as to just what our position may be. Section 132 of the British North America Act reads:

> The parliament and government of Canada shall have all powers necessary or proper for performing the obligations of Canada or of any province thereof, as part of the British empire, towards foreign countries arising under treaties between the empire and such foreign countries.

I take it that it is alleged that under this section of the British North America Act there is power in this parliament to do what is done by chapter 28 of the statutes of 1911. But is that a sound contention? But it does create such a condition, in my opinion, having regard to the language of that judgment, if we give attention to its exact terms, that I venture to believe should receive the consideration of the government. The matter was discussed in this house in 1928 to considerable extent. I took the view then which Lord Atkin took in the privy council, that it was ultra vires for this parliament by legislation to bring about what amounted to an amendment to the constitution of the provinces. The then Solicitor General took another view, contending that section 132 was broad enough to cover the situation. I subsequently modified my view, having regard to the judgment of Lord Chancellor Sankey—

Mr. DUNNING: And you have to change it again.

Mr. BENNETT: Exactly, and that is the reason I venture—not expecting the Prime Minister to give an answer—merely to direct attention to the matter in order that it may be looked into by the law officers of the crown, and appropriate action taken. I do not express any opinion as to what, if anything, is essential should be done, but I point out that grave doubts are thrown on the validity of the statute itself, having regard to the terms in which it expresses the will of this parliament with respect to the provinces.

Mr. MACKENZIE KING: I assume that my right hon. friend in what he has just said did not intend to open a debate on the treaty-making power. It is a matter for the law officers of the crown; I am sure they will be pleased carefully to consider what my right hon. friend has said.

Mr. CHURCH: What has become of the application during the last few years before the international joint commission for additional power in the Niagara river, with a view also of preserving the scenic beauty of Niagara falls? The treaty was before the house a few years ago but was rejected by the United States for some reason. Has anything been done since?

Mr. MACKENZIE KING: There is no application before the international joint commission on the subject to which my hon. friend has referred.

Mr. CHURCH: Regarding the collapse of the bridge at Niagara falls, does the treaty not also give the joint commission jurisdiction as to the kind of bridge that may be erected, and also in regard to obstructions in the river? For example, material escaped and is floating in the Niagara river and away out into lake Ontario as far as Sodus point, and is a menace to navigation.

Mr. MACKENZIE KING: The authority is broad enough to permit the commission to make inquiry into any matters of the kind referred to, but the commission would first have to be directed to make such an inquiry, and no such request has been made by either government.

Mr. CHURCH: Has any action been taken by the commission in reference to the lowering of the water levels in the great lakes, brought about by the Chicago diversion? The treaty

gives the commission absolute jurisdiction. Is the Canadian section, or the government, or the department, negotiating with reference to the matter of illegal diversion of waters, thus lowering lake levels and doing damage to navigation on the great lakes?

Mr. MACKENZIE KING: The commission is not dealing with the subject of the lake levels. The matter was dealt with in the St. Lawrence treaty, and it would be that treaty that would govern.

Mr. BENNETT: I think what the hon. member for Broadview was referring to is whether or not any action has been taken or is contemplated by the government of the United States in connection with that agreement which was arrived at between Canada and the United States in connection with the scenic beauty of Niagara falls. It will be remembered that we ratified the agreement, but it was thrown out by the United States senate. Then it was resubmitted, and I am not familiar with what has happened since. I was rather curious to know whether or not any action has been taken, because pieces of rock have fallen off from the face of the falls since then; there has been a gradual destruction by nature of the face of the fall itself. The Prime Minister will remember that Hon. Charles Stewart was then Minister of the Interior, and he negotiated the agreement. He felt then that it was a matter of considerable urgency, and I rather agreed with him. We endeavoured to get it disposed of, but we had no better success than the right hon. gentleman. I was wondering whether it has been cleaned up since then or is in process of being disposed of.

Mr. MACKENZIE KING: The United States government has presented to our government the point of view that all these waterways matters should be dealt with more or less as one in connection with a coordinated plant. It would involve consideration of questions of diversion and levels, power, scenic beauty and the like, wherever they arise from the head of the lakes to the St. Lawrence, and along its international course. Thus far it has not been possible to reach agreement between the two countries as to proceeding only in that way.

Item agreed to.

Representation abroad, including ministers plenipotentiary, secretaries and staff, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments—further amount required, $60,000.

Mr. MACKENZIE KING: This item is to make provision for the legations which it is intended to open in Belgium and Holland. There will be the one minister but two offices. Details are given on page 28 of the supplementary estimates.

As hon. members are aware, it is over ten years since Canada first established a legation at Washington, and we have since established legations in Paris and Tokyo. It has been felt that we ought to extend our diplomatic service somewhat, and our business interests with Belgium and Holland are greater than those with any other countries in Europe or other parts of the world other than those in which we have legations at the present time. For that among other reasons we felt that the next legations to be opened should be in Belgium and Holland. It is customary in the case of many countries to have one minister represent his own country in two different countries.

Mr. BENNETT: South Africa does.

Mr. MACKENZIE KING: Yes. The Irish Free State, although it took action subsequently to Canada, has now legations in seven foreign capitals, and South Africa has legations in eight. This will bring our number to five. I might point out that the countries comparable with our own in the matter of population such as Argentina, Belgium, the Netherlands and Sweden, have from thirty-seven to fifty-two posts abroad.

Mr. BROOKS: Will the Prime Minister tell us in which city the legation will have its headquarters; will it be in Holland or in Belgium?

Mr. MACKENZIE KING: At Brussels and at the Hague. There will be two offices, but the one minister will be named as minister to both. A chargé d'affaires will act for him in the one country during his absence in the other country.

Mr. BENNETT: It is perhaps in connection with this item that I should have made the observations I did in connection with promotions in the service. I can only express the hope that it may be possible to find a place for one of the members of the service as minister at Brussels and the Hague. I believe there are within the service itself a number of men who are qualified by their long experience to fill with distinction such an appointment and thereby indicate, at least, that there is a career in that branch of the public service.

Mr. MACKENZIE KING: I should like to add, in connection with the legation at Brussels, that it will be recalled that a year or two ago the Belgian government sent a distinguished representative to Canada. Bel-

gium is at present and has from the outset been represented in this country by Baron Silvercruys.

Mr. CHURCH: With reference to item No. 505, the supplementary vote to provide for:

Representation abroad, including ministers plenipotentiary—

"Envoy extraordinary" has been left out.

—secretaries and staff, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments—further amount required, $60,000.

I wish to protest against this form of separatism, of dividing Britain's representation and adding a new legation in Belgium and Holland. It is unnecessary. These services are already covered by the British embassies and our own trade commissioners. It means that we are going to open up a legation in a danger spot of Europe, namely Holland and Belgium, which will be a very sad state of affairs for us. The policy I recommend is that we should close up some of these useless legations instead of opening more. I have protested against this form of separatism at every session I have been here. It was made a plank in the platform of the Twentieth Century Liberals last week; they protested against separatism. What has Canada already in Holland and Belgium? Trade commissioners and all classes of commercial agents of the Department of Trade and Commerce are all over Europe. Yet you are opening up an agency there which divides Britain's representation in two, in places where you have no army, no navy and no league to back up what you are doing there. It will simply mean that Canadian nationals will lose the protection they have, and it will cost this country more than $60,000.

I wish to protest against this kind of thing. It is going to bring Canada into all the affairs of Europe. Next year we shall no doubt be asked to establish a legation at Rome. The Prime Minister went to Berlin, and there was a proposal a few years ago and last year to open an embassy in Berlin representing Canada in Germany. If we are a separate country, let us get out of the British Empire. I referred to this matter this afternoon in my remarks; I referred to it last year in reference to Japan. I predicted that we would have trouble in Japan before the year was out, and three months afterwards trouble and war broke out. We have a legation there which does nothing. Anyone who wants protection goes to Shanghai and other places, to the British embassy for protection. We are opening up a lot of useless agencies and providing them with secretaries, a subordinate staff, and all that kind of thing. What good will all this division of authority be? It will emphasize our separation from Great Britain, which enjoys the prestige of protecting Belgium and has treaties with France and other countries in regard to it. Are we to be drawn into establishing legations in every petty country in Europe, when it should be the policy of Canada to get out of the League of Nations as rapidly as possible and bring home our envoys extraordinary and all the rest of these officials?

Just to illustrate the principle, we have Sir Herbert Marler, who went down to the Mexican border the other day and made a political speech at Houston, Texas. He gave his opinion on current events, trade, diplomacy and many other matters. He told the people there how large our trade is and that if people will turn their attention to trade relations, political questions will take care of themselves—all that kind of thing. These ambassadors of ours are just causing trouble. They are not necessary. They divide Britain's affairs. Not by the widest stretch of the imagination can it be said that Canada, a country of ten million people, needs to appoint ministers in Europe in this way. Has New Zealand or Australia an ambassador in Holland or Belgium? No. I protest against this vote on behalf of the taxpayers, in a year in which it is difficult for business men to pay their taxes. In another of his speeches our minister at Washington, addressing a Canadian Club in New York, makes some political remarks; I see references in them to Mexico, the demands for the return of oil profits, and Mexico's row with the oil moguls.

When this legation of ours is opened overseas, on one side of the street will be the British embassy, and on the other side will be the rival Canadian legation, but we shall have nothing with which to back it up If any Canadian national gets into trouble over there, what are you going to do about it? You know the trouble we got into with Italy, through passing sanctions. It was announced with a great flourish of trumpets that we were going to have an ambassador to Italy, and our delegates to the imperial conference went over Europe in part but they did not get as far as Italy; after the imperial conference was over, our emissaries did not see fit to honour Mussolini with a visit.

What is the idea of all this? Are you going to have these useless legations all over the seven seas? We have a Department of Trade and Commerce, presided over by a minister

who sends out every month a booklet showing the work done by our various trade agents in the capitals of Europe. Why is that not sufficient? This is just dividing Britain's representation, a policy so fatal in peace, and more disastrous in war.

Dear knows where the next legation is going to be. All this is nothing but straight separatism. Had I been in the house when the legation was proposed for Washington, I would have opposed it even though I had been the only one in the house to do so. What had our minister there to do with the contest of the congressional party versus the administrative party?

In regard to foreign affairs, we know that to-day the British ambassadors to Belgium and Holland are right in the centre of the trouble in Europe; they will be immediately affected if war comes, and war may come at any moment. You have to be ready for it; you have to be ready to meet these dictators. Are we to continue this policy of separatism, dividing Britain's representation all over the world? We have seen the result of it in South Africa. We have seen the result of it in Ireland. Those countries are outside the empire altogether. Ireland proposes to appoint a president; the Irish will not have "God save the King." For our part, we continue this separatist movement and increase these votes every year. I do not know why we belong to the British Empire. The British ambassador to the Hague and Belgium was good enough to look after Canadian interests in the Low Countries for four and a half years, during the war; he also looked after our expeditionary force without any trouble to us.

What do we see happening in this country? Germany had only invaded Austria the day before when, according to the Montreal papers, she hauled down the Austrian flag and put up the German flag over the consulate there. We have gone far enough in getting out of the empire. Let us turn attention to our own country and our domestic affairs. With the trouble we are having in Canada at the present time, with the difficulties our people find in making a living, we should close up these embassies—I would shut up every one of them—and return to the old system of depending on the British Empire and the mother country, not only for diplomatic representation but for an army, air force and fleet to protect our shores.

We are going to provide this new legation this first year with a whole lot of secretaries. I do not know how many there will be. They generally have a first secretary and a second secretary and a third secretary, and a fourth secretary with another degree—that is, he has one more degree than the other gentlemen secretaries from the same or other university—and I suppose they will sit there right in the centre where the trouble is, in Belgium, and study international law. I suppose this policy will extend to Russia, then to Italy; next it will cover the Black sea and we shall find these legations all over the seven seas and the civilized world. But what are they doing? They have large staffs and visitors from all parts of the world, from north and south, from east and west. It seems to me that we are taking on the airs of a nation, while we are doing nothing but sponging on the mother country for protection. We may open up all the agencies we like, but the fact remains that we are not a nation. See what happened in our dealings with Italy. We got into trouble there with passing sanctions, and we had to cancel the sanctions as soon as or shortly after they were passed. We have a minister to Japan. What is he doing there?

These legations were started when the first one was established in Washington; then the policy was extended to France; then someone said that we ought to cross the Pacific, and there was a proposal that we should also have legations in Japan and China. I suggest, Mr. Chairman, that there is altogether too much interference and too much of an attempt to divide Britain's authority. This is not only fatal in times of peace, but will be absolutely destructive in war. It is having a disruptive effect in Europe at the present time. What both Canada and Britain need to-day is a foreign minister like that great man of a hundred years ago, George Canning, to keep the empire out of trouble and out of Europe.

The United States since George Washington's day will not interfere in European affairs, and it seems to me absurd for us to be establishing a legation in Belgium and Holland at the present time. Belgium is under the protection of two great powers, which have armies and fleets. She is in the danger zone, and what are we doing? We are going over there over the head of the British parliament and are appointing a minister to Belgium. In other words, we are saying that we are not satisfied with the British ambassador. We are satisfied enough while a war is on to have the British ambassador act for us, but now we want our own ambassador. I have no doubt that the next thing will be the establishment of something like Canada house, costing two and a half millions, and they will probably have a Canadian flag flying over the legation, while inside the doors you will find brass railings and fittings and

a host of secretaries. The first secretary will report to the second secretary; the second secretary will report to the third secretary; the third secretary will report to the fourth secretary, and finally that dignitary will report to the minister plenipotentiary and envoy extraordinary—and I admit that some of them are extraordinary. Here is a sample of some of the extraordinary things they do, these articles with reference to Sir Herbert Marler. That gentleman at one time represented the constituency of St. Lawrence-St. George in this house, and then he was made a diplomat overnight. I had never known him to be a diplomat; certainly he never looked like one; but, as I say, he was made into a diplomat, and in these articles we see what he had to say with reference to the situation in Mexico when certain British property was confiscated there.

Are we going to open another legation in Belgium and hoist our flag there? I suppose the next thing will be to have legations in all the Balkan states. No doubt after our representative has been in Belgium for some time he will be moved on. He will probably get an order to make room for the ambassador from Washington. That gentleman has been all over the world and he will probably be sent to Belgium. I do not know who will be selected for the post in China, probably the hon. member for Greenwood (Mr. Massey). I saw him talking the other day with a couple of Chinamen—

The CHAIRMAN: Order. May I ask the hon. member what item he is discussing?

Mr. CHURCH: A principle is involved in this vote of $60,000 for representation abroad, Mr. Chairman, and I am dealing with that principle, the principle of separatism, and the dividing of Britain's representation in Holland and Belgium. I am absolutely opposed to it, and I believe that the Canadian people will be opposed to it too. No wonder someone made the statement on one occasion that Britain was the hardest country in the world to deal with because of all these embassies. He said it was hard to make a treaty with Britain because Britain could do nothing without consulting the dominions, and the dominions could do nothing without consulting envoys extraordinary and ministers plenipotentiary. I am absolutely opposed to all this sort of thing, and if they open an embassy in China I am going to oppose it, just as I shall oppose one in Rome. It was proposed two years ago to open one there, and we know the trouble we got into over the question of sanctions. However, this policy of creating one embassy after another will simply seal the fate of the government when the people understand that the embassies are nothing but mischievous institutions, the practical effect of which is to divide Britain's authority abroad.

Mr. MacNEIL: How will these representatives be designated? Will they both be known as ministers?

Mr. MACKENZIE KING: There will be one minister who will be Minister to Belgium and also Minister to The Netherlands.

Mr. MacNEIL: Will that mean that they will have power to negotiate matters political as well as with respect to trade?

Mr. MACKENZIE KING: The political end of it is the more important of the two with respect to diplomatic representation, using "political" in the large sense of the word.

Mr. MacNEIL: Can we have some further explanation as to why Belgium and Holland were selected in this instance, seeing how extremely important it is that we should have our own representatives at Berlin and Rome?

Mr. MACKENZIE KING: The trade and business that Canada has with Holland and Belgium is more extensive than the business with Germany and Italy. As mentioned a moment ago, Belgium has opened a legation in Canada, in the city of Ottawa. It is customary in diplomatic matters, where a step of the kind is taken by one country, to return its representation. That has not been the governing principle in this case, but we thought that in extending our legations Belgium and Holland, having regard to the important relations we have with those two countries, were the natural countries in which to take the next step. There is this advantage in having an additional minister in Europe, that there are many matters which the government may wish to have reported upon by a minister of its own, and a minister resident at Brussels would be in a position to visit Scandinavian countries if that were thought advisable and to report upon any special matters there, or to visit Berlin or other centres. We have frequently had occasion to ask our minister in France to act for the government at the League of Nations and we have had occasion to have our high commissioner represent us also at the league and in different parts of Europe. The addition of one more minister in Europe at this time will be helpful to the government in obtaining such information as it desires to have from its own source with regard to matters of concern to our own country.

Mr. WOODSWORTH: I thought the Prime Minister said a few minutes ago that the

functions of these men were to be diplomatic rather than those associated with trade. If that is so, it would seem as if in selecting another country we should select from among the larger countries rather than those of minor importance. I do not think that point was answered by the Prime Minister.

Then there is a second consideration. If I am rightly informed, if war should be declared by a country in which we were represented only by the British minister and that minister were withdrawn, thereby we would be automatically at war. I think this is just one aspect of the matter we were discussing two days ago. If that is correct —and I wish the Prime Minister would tell us, because he is an expert in these matters —ought we not on that account to have ministers at the larger centres? Or are we simply going to throw up the whole thing and say we are automatically at war when Britain is at war? These are rather important considerations, it seems to me, and I should like to have a little more light on the matter than I have at the moment.

Mr. MACKENZIE KING: It is true that we have efficient trade commissioners dealing with questions of trade in a number of countries. However, with the restrictions that are placed on trade to-day, arising from embargoes, quotas, questions of exchange control and the like, many situations are created that can best or only be dealt with efficiently by a minister, with the minister of the department of government in the country concerned. The whole business of international trade nowadays requires more in the way of direct communication between government representatives as distinct from representatives of government departments. A minister has full authority to take up questions of the kind with the ministers of the government of the country to which he is accredited. Without the authority which his rank gives, access to governments abroad is not easily obtained by officials. That is one of the reasons why the question of Canada having ministers in other countries is becoming increasingly important.

With respect to the other point mentioned by my hon. friend, as to whether or not Canada is at war when Britain is at war, I do not see that the situation would be altered in the least by the fact that in the one case you had an ambassador from the United Kingdom who might be withdrawn and in the other case a minister from your own country who might be withdrawn. The broad question of whether Canada is at war when Britain is at war would still remain, regardless altogether of any representation either country might have or cease to have.

[Mr. Woodsworth.]

Mr. CAHAN: Is it anticipated that Belgium and Holland will each send a minister to Canada and establish a legation here?

Mr. MACKENZIE KING: As my hon. friend knows, Belgium has already opened a legation in this city. Whether or not Holland will follow the example of Belgium, I cannot say. It is possible that she may, but I do not know.

Item agreed to.

To provide for expenses arising out of the Trail Smelter arbitration, $7,600.

Mr. BENNETT: I thought we were indemnified in this matter. Now that the question has been disposed of, should we vote any money for this purpose? I know we were indemnified against any expense in connection with this arbitration. Why are we voting money for it now? The award has been made.

Mr. MACKENZIE KING: There is a system of control that is to be continued for another two years, and this amount is to cover whatever may be necessary in that connection.

Mr. BENNETT: The company pays for it?

Mr. MACKENZIE KING: Ultimately the company will pay for it; that is correct.

Item agreed to.

DEPARTMENT OF PENSIONS AND NATIONAL HEALTH

Direct payments to veterans and dependents—War veterans' allowances—further amount required, $1,400,000.

Mr. GREEN: Is this vote intended to meet the requirement of the War Veterans' Allowance Act passed this year?

Hon. C. G. POWER (Minister of Pensions and National Health): Yes.

Mr. GREEN: Are applications being received already?

Mr. POWER: Yes, a very large number of applications has been received. It was estimated that there would be something like five thousand applications, and I think perhaps half of them are in. Some allowances have been actually granted. The act was assented to on April 6, and by the end of April some eighty allowances had been issued. I think we are now up pretty close to one hundred and fifty.

The CHAIRMAN: Shall the item carry? Carried.

Mr. WOODSWORTH: I want to protest, Mr. Chairman; I have not even found the items in this book, as it is now arranged. Yet

you go ahead, tear off your slip and declare the item carried. That has been done half a dozen times in the last hour or so.

Mr. POWER: This item happens to be in the supplementary estimates. I called the number and said it was in the supplementary estimates; I am sorry if my hon. friend did not hear me.

Mr. WOODSWORTH: I do not think we should be so hasty that members of the committee cannot follow what is being done.

Mr. POWER: It is item No. 557, on page 6 of the supplementary estimates.

Mr. MacNEIL: Has there been any change in the estimate of the number likely to benefit under this legislation?

Mr. POWER: No. When the bill was being discussed in the house it was estimated that there would be approximately five thousand who would come under the war veterans' allowance during the course of this year and that the cost would be something like $2,100,000. Since they will not all come on at once, however, it is likely that the cost this year will be about $1,400,000.

Mr. MacNEIL: Has any step been taken to review, automatically, the files of those who formerly applied for war veterans' allowance and who were refused on the ground that they were not permanently unemployable? A number of men keep writing me stating that they have applied and been rejected. Apparently their files have not been reviewed, and they are at a loss how to proceed. In spite of the excellent work that has been done by the board in distributing information on the subject, there is still some uncertainty. Could there not be some automatic review of applications formerly rejected before the act was amended?

Mr. POWER: I think for the moment the board will have all it can do to deal with the applications which have come before it since the amendment was passed.

Item agreed to.

Pensions branch—Pensions branch administration—further amount required, $30,240.

Mr. GREEN: What is the reason for this vote?

Mr. POWER: This is also in connection with the war veterans' allowance. Under the set-up of our estimates the staff for the war veterans' allowance outside Ottawa is supplied by the Department of Pensions, and this provides for a number of reviewers, stenographers, investigators and so on. The same applies to the next item; only those will be directly under the control of the board here in Ottawa, looking after the applications, which are coming in very rapidly.

Mr. GREEN: I see there is quite a large sum for temporary assistance. What is the nature of that?

Mr. POWER: There are two members of the board at $6,000 each, and then there is the temporary assistance. A very large portion of the staff will be temporary, to deal with the rush we are having at the present time. I may say that in Toronto since April we have had a thousand applications filed, and we need this staff in the worst way possible, as soon as we can get it, to deal with them.

Mr. GREEN: They are all being taken on through the civil service commission?

Mr. POWER: Oh, yes.

Mr. MacNEIL: Under this item could I urge the minister to introduce a bill this session amending the Pension Act? There are certain matters which urgently require consideration, and I think it would be advisable to have them cleaned up as quickly as possible. I refer particularly to the deadline; to some anomaly that exists in regard to the position of widows who were married between 1931 and 1933, and to section 77 of the act.

Mr. POWER: The matter is still under consideration; but I want to be quite frank with my hon. friend, and I must say I hardly think it will be possible to introduce any new pension legislation this year, though the government has not definitely come to any conclusion in the matter. A decision will be reached within a few days.

Item agreed to.

War veterans' allowance board—further amount required, $73,200.

Mr. GREEN: The sum of $45,000 is to be paid to the soldier settlement board for investigation. What is that for?

Mr. POWER: Investigation in rural districts is and has always been undertaken by the soldier settlement board. So far that board have been doing this work without charge, but they have found that they have a lot of work to do in connection with the matter, as well as in connection with several other pieces of legislation—I believe the Farmers' Creditors Arrangement Act and the Farm Loan Board are included—so they have asked that this department pay its share for the work being done.

Mr. GREEN: The administration expenses here in connection with the supplementary

vote for war veterans' allowances seem higher than they were for the vote in the original estimates. I believe they work out at about five per cent of the amounts to be paid to the recipients. Why is that? I understand it was only about two per cent in the other case.

Mr. POWER: This will be temporary, and as soon as the rush is over the staff will be adjusted.

Mr. BROOKS: What is the basis of payment to the members of the soldier settlement board? Will they be paid on a mileage basis?

Mr. POWER: I have not any idea of that at all. The persons I mentioned a moment ago are not employees of this department. I was merely saying that the Department of Pensions utilizes the services of the employees of the soldier settlement board to make investigations in rural districts, and that for that service the board have asked us to pay a certain amount.

Mr. BROOKS: Is not the minister responsible for paying them?

Mr. POWER: We are paying $45,000 in a lump sum for work they do every day throughout Canada.

Mr. BROOKS: How did you arrive at the sum of $45,000?

Mr. POWER: There was a calculation made as to the cost in each investigation, and I believe it worked out at about $6 or $7 for each one. After considerable negotiation between the departments it was decided that if the Department of Pensions would allot $45,000 to the soldier settlement board, they would be able to do our work for us this year.

Mr. BROOKS: Would the soldier settlement board make recommendations to the department?

Mr. POWER: They merely investigate cases.

Mr. BROOKS: They do not make recommendations?

Mr. POWER: No.

Mr. CLARKE (Rosedale): I notice there is provision for two members of the board at $6,000 each. Why is that item in the supplementary rather than the general estimates? Are they new appointees for this particular position?

Mr. POWER: Yes; under legislation which passed the house in the month of April. At the time the main estimates were made up the board consisted of three men; but under the new legislation which passed the house some time in April the personnel of the board was increased to five members, so that we have to make provision for them in the supplementary estimates.

Mr. CLARKE (Rosedale): Do any of the five members of the board receive less than $6,000?

Mr. POWER: No; that is the statutory salary.

Mr. NEILL: I should like to add that the arrangement by which the soldier settlers do this work is an excellent one. They are living in the district and have been familiar with the men for perhaps a period of years. The work can be done more cheaply and more quickly than by an official sent from a distant city. It is a thoroughly good system, and I hope the minister will continue it.

Item agreed to.

Services to veterans and dependents—For the continuation or carrying out of projects or schemes commenced or recommended by the veterans' assistance commission and to authorize the employment or continuation in employment by the governor in council of such extra temporary officers, clerks and employees as may be necessary to carry out the purposes of the Veterans' Assistance Commission Act, $100,000.

Mr. MacNEIL: What are the plans of the department under this appropriation? I would remind the minister that in 1936 the appropriation was $500,000 for the veterans' assistance commission. In 1937 there was a revote of $400,000, plus $250,000 for probational training. This year there is an amount of $100,000 in the main estimates and a further sum of $50,000 in the supplementaries. It strikes me that this is hardly adequate for the work outlined.

Mr. POWER: The hon. member is quite correct when he says the original vote in 1936-37 was $500,000. There was an expenditure that year of $99,572.25. In 1937-38 there was a vote of $400,000, and, according to the latest figures, an expenditure of about $260,000, leaving $140,000 unexpended. In the main estimates of this year there is a vote of $100,000, and if the hon. member consults the supplementaries he will find an additional vote of $50,000, making a total of $150,000. There is also in the main estimates one of $120,000 for probational training.

Mr. GREEN: It is not intended there shall be much extension in the projects to be undertaken?

Mr. POWER: A certain amount was provided last year, and a great many of the

projects are being continued from then. As the hon. member knows, the local committees made their recommendations to the veterans' assistance commission here in Ottawa, and they had over a year in which to do it. I do not anticipate there will be many new projects submitted during the present year.

Mr. GREEN: It does not seem reasonable for the government to reduce the vote, in view of the fact the minister has announced he will not accept the main recommendation of the veterans' assistance commission, which was to provide temporary aid for the fit unemployed veterans. The money used last year amounted to $260,000, and yet this year it is to be only $150,000. If there are no new schemes, is not the result that the 10,000 front line men who are fit and the recommendation with regard to whom was refused, will simply remain in the position they are in now, which is on the ordinary provincial or municipal relief?

Mr. POWER: I hardly think so. In that $260,000 there was included a fairly large amount for the purpose of land settlement, and so on. That will not be repeated this year. Besides, the requirements were made largely through honorary local committees. As the hon. member knows, provision is made in these estimates to keep the men working. I am informed that when the commission reported in early January there were placements amounting to 8,000 to 10,000.

Mr. GREEN: Many are just casual.

Mr. POWER: I have not the exact figures here, so I shall not go into details.

Mr. GREEN: Is it intended to create new honorary committees?

Mr. POWER: No; there has been no demand for any.

Mr. GREEN: What portion of the vote is for office expenditures and administration expenses?

Mr. POWER: About $30,000 will be for the payment of secretaries, and so on.

Mr. GREEN: At page 158 of the estimates the temporary assistance is shown at $50,000. Apparently the only portion of the vote of $100,000 available for projects is the sum of $35,000.

Mr. POWER: Plus the sum of $50,000 in the supplementaries.

Mr. GREEN: A total of $85,000.

Mr. POWER: Yes; about that.

Mr. GREEN: How much of that expense is incurred here in Ottawa?

Mr. POWER: Not a cent in Ottawa.

Mr. GREEN: Is there any staff here now?

Mr. POWER: No.

Mr. GREEN: No staff working on those projects?

Mr. POWER: I am wrong in that statement; there is a staff of two, namely Mr. B. W. Allen and Mr. L. McKenna.

Mr. MacNEIL: The minister no doubt will agree that the work of the local voluntary committees is extremely important. It represents an effort by businessmen to assume some responsibility with regard to the absorption of ex-service men into industrial enterprises. I scrutinized carefully the statement made by the minister on March 17 when he dealt with the recommendations of the commission certiorari. After consideration of this appropriation I find it difficult to discover what possibilities there are for enlarging the scope of the activities of the Vancouver honorary committee beyond the provision of the corps of commissionaires. As matters stand, I see nothing but to proceed with the promotion of the plan that we started which was especially adapted to conditions in British Columbia.

A second point I have in mind refers to a statement made on the same date by the minister with regard to the tools, equipment and transportation fund. He was good enough to give us his assurance that the recommendation of the commission would be implemented. I had occasion to talk over with the officials of the department the case of an ex-service fisherman. This man had his own boat and required a small loan in order to proceed with operations in the approaching fishing system. I have no criticism to make of the officials of the department as they were extremely courteous. They told me that departmental action was under consideration, but there seemed to be some doubt as to whether the provisions of the last fiscal year would be extended over to the present fiscal year. I think such cases are distinctly worth while. A little boost in the form of a loan would enable this man to secure independence after his first successful fishing season.

Mr. POWER: We have set aside by order in council a certain sum to take care of loans of that kind. I understand that my hon. friend's protege wanted a loan of $500 or $600, whereas the limit was $50.

Mr. GREEN: How is this vote to be allotted to the different projects?

Mr. POWER: We have no definite allotments at the present time; they are only

tentative allotments to projects already under way. There is nothing very definite about it. We want to keep a little reserve in case some new project comes up which might be worth while examining into.

Mr. MacNEIL: What portion of this appropriation will be placed at the disposal of the Vancouver local committee? What projects will they be permitted to promote?

Mr. POWER: In December, 1937, an amount of $2,000 was allotted to them to provide for the formation of veterans' auto parking protective corps in Vancouver. In January, 1938, an amount of $2,500 was provided for the establishment of a veterans' night patrol. In January, 1938, an amount of $5,000 was provided for the renting and leasing of suitable parking areas in Vancouver upon which veterans could carry on auto parking services. On January 5, 1938, an amount of $500 was provided in order that fifty or sixty veterans might obtain first aid certificates in conjunction with the St. John ambulance corps to meet the requirements of the provincial government. In March, 1938, a sum of $2,500 was provided to form a veterans' guide and greeter project, which it is expected will eventually employ twenty-five veterans and will be self-supporting. Then $10,000 was provided for the Red Cross Society to assist in the establishment of a veterans' hostel.

Mr. BROOKS: Is there anything left for any place else?

Mr. POWER: I think so.

Mr. CLARKE (Rosedale): How much of this $100,000 is being expended in Toronto?

Mr. POWER: Toronto received $48,000 last year under the land settlement scheme, and $5,000 this year and $10,000 for the poppy fund factory.

Mr. CLARKE (Rosedale): Is that $43,000 less than last year?

Mr. POWER: The expenditure last year was a capital expenditure and will not have to be repeated this year.

Mr. GREEN: What progress has been made in setting up branch corps of commissionaires across Canada? I know from our experience in Vancouver that they are a fine body of men and have done a splendid work.

Mr. POWER: As my hon. friend knows, a corps has been set up in Montreal. Originally, there was a headquarters corps and General King was appointed as chairman, with Major Corrigal as secretary. They travelled across Canada setting up branch

[Mr. Power.]

divisions. Vancouver has always been independent and has been remarkably successful in that way. I am under the impression that no assistance has ever been asked for or given to the Vancouver division. A division was organized in Calgary and has established a night patrol, and I am informed that thirty-five or forty men are employed at the present time.

Mr. BENNETT: They are doing splendid work there.

Mr. POWER: My right hon. friend says they are doing a very good work.

Mr. GREEN: Are branches being established anywhere else?

Mr. POWER: There are branches in Lethbridge, Windsor, Winnipeg, London, Toronto and Hamilton. I do not think they have been as successful in these other places as in Calgary in placing the number of men. I think Calgary is an outstanding example, and of course Vancouver has been doing this kind of work for several years, as also has Toronto.

Mr. GREEN: Will anything be supplied from this vote for commissionaires?

Mr. POWER: Yes.

Mr. GREEN: Some weeks ago the minister suggested that the collection of radio licence fees might be turned over to the unemployed veterans. What progress has been made along this line?

Mr. POWER: I have preached to the veterans' associations that I have met, the benefits of unity. We seem to be talking about unity a great deal these days. I think the veterans might get together as a unit and form some kind of a corporation. Having done that, they could go to the government and undertake, as a corporate body, to collect radio licence fees all over Canada. I have spoken to the minister, and I think he might be interested if he received a concrete proposal. About a month ago when I last visited the Toronto honorary committee we had quite a discussion on the matter. I do not mind saying that I do not think any one association can undertake this work; it would have to be a joint effort on the part of the ex-soldiers of Canada. So far nothing has been done.

Mr. GREEN: Probably it will amount to nothing.

Mr. POWER: I cannot control the soldiers' associations.

Mr. GREEN: The suggestion has also been made to establish highway patrols. What progress has been made in this connection?

Mr. POWER: I know that representations have been made to the provincial government of British Columbia, but I have no knowledge of what the result has been. Strong pressure was brought to bear upon the minister of highways of Ontario. I was speaking recently to one of the men in the voluntary committee in Toronto and he told me that they had called on the minister of highways, but he did not seem to be pleased with the progress they had made. They placed their project before the provincial government. It might involve additional taxation on automobile owners, and perhaps the government did not think it advisable.

Mr. GREEN: These schemes are all very much worth while, but does not the minister think that during this coming year it is likely that very few additional men will be helped by the projects; that it will be largely a matter of continuing help to men already working under them?

Mr. POWER: It is quite possible.

Mr. GREEN: For that reason it seems important that every effort should be made to work up some new projects.

Mr. POWER: I must have a project in order to spend money on it. We have explored pretty thoroughly every project submitted. I cannot just spend money for the sake of spending it.

Mr. GREEN: The result, I suppose, will be that a great many unemployed veterans will not be placed in any work or covered by any government provision.

Mr. POWER: It is quite possible.

Mr. NEILL: Going back for a moment to the radio question, if I may I would sound a note of warning to the minister to go very carefully before he involves the legion in that work. The payment allotted by the government is totally inadquate; a man cannot call four or six or eight times to collect five cents and make money on it, especially in a scattered community. The result will be tremendous discontent and dissatisfaction.

Mr. CLARKE (Rosedale): In regard to that large appropriation of $5,000 for Toronto, from which city I think the largest number of soldiers went overseas, and in which there are the largest number of veterans, would the minister give the break-down of that large expenditure?

Mr. POWER: I do not say that is all that will be spent in Toronto this year, but that is the only thing we have been asked for.

Mr. CLARKE (Rosedale): That is, they do not ask enough in Toronto.

Mr. POWER: That is the trouble.

Mr. MacNEIL: The minister referred to small holdings in Toronto, Windsor and Winnipeg. Has any consideration been given to British Columbia in that matter?

Mr. POWER: No schemes have been submitted to us from British Columbia.

Mr. BENNETT: British Columbia is a nation to itself!

Mr. GREEN: What amount has been spent each year for the different local committees? I believe each one of them has a paid secretary, and the government pays the rent of the offices. Perhaps in some cases there is more than one employee.

Mr. POWER: The offices are obtained through the public works department; in most cases they are in a public building. We do not pay any rental; all we pay is just straight salaries. I have a list of the salaries, if my hon. friend wants them.

Mr. GREEN: Yes.

Mr. POWER: The list is as follows:

Name—Title—Annual salary

Ottawa (Head office)—
Allen, B. W., administrative assistant, $3,000.
McKenna, L. R., clerk, grade 2, $1,080.

Honorary Local Committees

Halifax, N.S.—
McKenzie, L. H., secretary, $1,200.
Vaughn, Miss A., stenographer, grade 1, $720.

Montreal, P.Q.—
Burbidge, G. C., secretary, $3,000.
Doherty, C. J., assistant secretary, $1,200.
Peattie, M. W., stenographer, grade 1, $720.

Toronto, Ont.—
MacKendrick, H. C., secretary, $3,000.
Shannon, R. M., special placement officer, $1,800.
Cane, Miss H., stenographer, grade 1, $720.

Hamilton, Ont.—
Thompson, R., secretary, $2,400.
Blunt, R., stenographer, grade 1, $720.

London, Ont.—
Goldston, R. G., secretary, $1,800.
Kilty, Miss B., stenographer, grade 1, $720.

Windsor, Ont.—
McMordie, H. C., secretary, $1,800.
Cuthbert, S., stenographer, grade 1, $720.

Winnipeg, Man.—
Taunton, A. J., secretary, $2,400.
Wayling, C., stenographer, grade 2, $1,200.

Regina, Sask.—
Lamont, R. D., secretary, $1,800.
Childs, Miss D., stenographer, grade 1, $720.

Calgary, Alta.—
Graham, F., secretary, $1,800.
Wise, G., stenographer, grade 1, $720.

Edmonton, Alta.—
Menzies, A., secretary, $1,800.
Adam, Miss H, stenographer, grade 1, $720.
Vancouver, B.C.—
Bedson, S. L., secretary, $2,400.
Malabar, R. F., stenographer, grade 1, $1,200.
Freudiger, R., clerk, grade 1, $720.

Mr. GREEN: In Vancouver last Christmas the department acted in a way which was very harmful to the efforts of the honorary local committee. Each year at that season, there is special work in the post office, and last year I believe two or three hundred returned men were required for that temporary work. We had over five thousand unemployed veterans registered in Vancouver and district with the veterans' assistance commission, and I understood from the minister last session that these post office jobs would be filled through the honorary local committee, apart from politics. Instead, I believe men were called from different soldiers' organizations, but in each case had to get the approval of a representative of the government, or of the Minister of National Defence (Mr. Mackenzie). That sort of thing does not help the honorary local committee to persuade citizens generally to give work to unemployed ex-soldiers. I protest strenuously against action of that kind. I should like the minister to assure the committee to-night that that procedure will not be followed this coming Christmas. I see no reason why politics should enter into the employment of these unfortunate unemployed veterans for a few days around Christmas. That is going altogether too far.

Mr. POWER: These honorary local committees are not patronage committees.

Mr. GREEN: That is why they should distribute the jobs.

Mr. POWER: I would call that a patronage committee. The other day when the estimates of the Minister of National Defence were being considered, my hon. friend complained in connection with a project, at Point Grey I believe, that the Vancouver honorary committee did not have the choice of the men. But it appears that there were forty-eight men employed and all forty-eight were returned soldiers. I do not know what more my department could do or what more the Department of National Defence could do. The object of this commission is to find jobs for returned soldiers, not for the particular returned soldiers picked out by the committee.

Mr. GREEN: But not to find jobs for Liberal returned soldiers.

[Mr. Power.]

Mr. POWER: That is not of interest to me, provided the full quota is appointed. If there are forty-eight jobs and they were filled by forty-eight ex-soldiers, I see no cause for complaint. The committee's job is to stimulate the interest of the public in returned soldiers and as far as possible to get them jobs, but not to select those who are to be appointed; otherwise we would make these committees into political committees. I think my hon. friend will be the first to say that ever since the committees were appointed there has been no political interference with them whatsoever. I had nothing to do with the choice of the men on the committees, or of the men who were secretaries, or with the appointment of the stenographers or anyone connected with the committees. In fact, I have been told on many occasions from this side of the house that a large number of members of the committee will be assisting at the Tory convention here in July.

Mr. GREEN: That is because they were the best men you could get.

Mr. POWER: Well, I did not choose them. Many of them are very good men. I think the best I can do is not to interfere with them at all, but let them go ahead. They are doing their best for the returned soldiers, and I deprecate any attempt to drag them into politics. It is unfair both to them and to us.

Mr. GREEN: There is no attempt being made to drag them into politics; it is only common sense. You have a high-class, independent, non-political honorary committee with a paid staff working under them costing this department several thousand dollars, and the whole purpose is to get jobs for unemployed veterans. At Christmas there are openings for 200 or 300 unemployed veterans. They are all registered with this local committee. The local committee knows better than a Liberal henchman whether they are good men or not, whether they deserve work or not; yet this government has a special representative through whom all these unfortunate men have to pass before they get a job, and if they are not Liberals they do not get a job. If that is not dragging the veterans' assistance commission into politics, I do not know what is, and it is one way to ruin its effectiveness; it is one way of breaking down the whole scheme. I suggest to the minister that this practice should not be followed this year.

Mr. POWER: I do not think there has been any complaint that the number of

returned men which was required was not obtained. The only complaint has been as to which particular ex-soldier was appointed.

Mr. GREEN: They had to go through the Liberal machine.

Mr. POWER: I do not know that that is quite the case. I do not understand from the Minister of National Defence that such is the case. My hon. friend wrote me about that time, and I obtained a reply from the Minister of National Defence which satisfied me, at any rate.

Mr. STEWART: It would not be hard to do that.

Mr. POWER: The department employing the men, or the contractor, or whoever is the employer, surely should have some right to say which particular man shall be appointed and which shall not. I have never yet heard in this chamber anyone complaining because a Liberal returned soldier was appointed. The great complaint up to the present has been that not a sufficient number was appointed. Once we get this full quota I think returned soldiers should be pretty well satisfied; if they get forty-eight out of forty-eight, I do not think they can complain at all.

An hon. MEMBER: That is quite exceptional.

Mr. POWER: That is what my hon. friend is complaining of.

Mr. GREEN: No. The Minister of National Defence has laid down a rule that he will only hire returned men or militia men on his works projects, but in addition to being returned men they have to be Liberals. That is the position in connection with these post office jobs.

Mr. POWER: I do not believe my hon. friend is serious in that.

Mr. BROOKS: In order that the Minister of National Defence shall not get too much credit, I want to say that down in Nova Scotia, when they were building the Venture for the Canadian government, out of one hundred men employed there were only two returned men. I had letters from a number of returned men who could not get jobs because they were not on the right side of politics.

Mr. POWER: That was done by the contractor, I suppose.

Mr. GREEN: Can the minister say who is the representative in Vancouver through whom these men had to pass last Christmas?

Mr. POWER: I have not the faintest idea.

Mr. GREEN: I suppose the Minister of National Defence can explain that.

Item agreed to.

For the continuation or carrying out of projects or schemes commenced or recommended by the veterans' assistance commission, etc.—further amount required, $50,000.

Mr. POWER: It is the same thing. It is an additional $50,000 to the vote we have just passed.

Mr. GREEN: How is it to be allocated?

Mr. POWER: I have that somewhere. These, as I said, are only tentative: Workshops Limited, Montreal, $25,000; Canadian corps of commissionaires, $10,000; Toronto veterans' committee, $5,000; Toronto amputations placement service, $2,500. Windsor land settlement scheme may require a further amount of about $10,000. At London there is a placement scheme for veterans; the cost will run to about $1,000. From Winnipeg there is a demand for another $1,000. At Regina, for the veterans' workshops there is a demand for $10,000. For the Moose Jaw workshop the demand is $3,000. At Vancouver there is a demand for $1,500, plus a repayment fund of $5,000. This amounts to about $73,000. We are trying to keep some in reserve. I do not say that all this money will be spent—that is why I hesitated to give all the details—upon these particular projects. I am just stating what has been asked for, and we shall have to allot it in the best way we possibly can to reach our objective.

Mr. BROOKS: I did not hear the minister mention any projects in the maritime provinces.

Mr. POWER: There have not been any suggested, unfortunately.

Mr. BROOKS: Well, of course!

Mr. POWER: There is none from Quebec city, either.

Item agreed to.

Direct payments to veterans and dependents—Probational training allowances, $120,000.

Mr. GREEN: Last year there was a vote of $250,000. How much of that was spent, and how was it spent?

Mr. POWER: The estimate of this year is based to some extent on the amount spent last year. We did not spend by any means as much as we anticipated; the amount was $67,209.01. Perhaps my hon. friend will remember that we started a little late. We began

about June, and perhaps that was a little late in the season for men to get this probational training work, but we consider it has been highly successful. It has proved very successful as a means of placing a large number of men, and we intend to press it this year.

Mr. BROOKS: Is there any age limit for probational training?

Mr. POWER: No.

Mr. MacNEIL: What are the regulations as to eligibility for probational training?

Mr. POWER: There must be service in a theatre of war, and the assurance that a man has a chance of getting a job when the probational training is finished.

Mr. MacNEIL: Is it necessary to have an agreement with a prospective employer?

Mr. POWER: We originally began with the idea that we could get a written agreement, but that regulation had to be relaxed to some extent as we went along. But it is really the work of the honorary committees, and they have been remarkably successful. The three qualifications for eligibility are, that he served during the war in a theatre of actual war, provided (a) that he is registered for employment with the employment service of Canada and/or the veterans' assistance commission; (b) that he is employable, and (c) that he requires a period of probational training to fit him for employment with the industry or firm.

Mr. MacNEIL: I agree that this scheme has been eminently successful. I think it is one of the finest schemes that has been evolved for some time My observation of the cases which have come under my attention is that it has provided not only training but the most satisfactoy approach possible to permanent employment for many men. For that reason I was hoping the minister would increase the appropriation or that the scope of this activity might be widened as far as possible. The results achieved this past year amply justify an extension of this activity.

Mr. POWER: We consider that this appropriation is ample to take care of all who will apply. That is the only reason we did not increase it.

Mr. GREEN: How has the minister dealt with the two recommendations from the veterans' assistance commission; one suggesting that the veteran might be given this training even if he had no prospective employer in sight, if the department was satisfied that such training would more readily fit him for suitable employment; and the other being that the department could pay tuition fees in a worthy case to help the man get the training, for example, for a civil service examination?

Mr. POWER: With respect to tuition. I am informed that we had three cases in which there was a definite undertaking that if the man underwent certain training he would get a job. One was at the Kemptville dairy school in Ontario; another was at Winnipeg, in connection with the Canadian Pacific Railway shops, with special training on air conditioning, and the other was at Hamilton, with an airplane manufacturer. And they got the work.

Mr. GREEN: And the department is willing to give them that sort of help?

Mr. POWER: It never was intended either by the House of Commons or by the department, or, I think, by the commission, that this money would be employed only for putting men in an assured job. Short of that we can do pretty nearly anything.

Mr. GREEN: I believe the Canadian legion at their dominion convention suggested that the minister should also make eligible those men who served only in England but who enlisted under the age of twenty-one years. In other words, they are a young group of returned men. Has anything been done about that?

Mr. POWER: No.

Item agreed to.

Unemployment assistance, $2,350,000.

Mr. REID: I wish to discuss the condition of a class of ex-service men who until now have been only very briefly mentioned in this house. I refer to that class known as ex-imperials. In doing so I am not unmindful of the plight of many Canadian ex-service men and I realize that our first consideration is for them. But we have now in Canada some 200,000 ex-imperials who, I believe, merit greater consideration than they are receiving. In British Columbia it is estimated that there are at least 50,000 ex-imperials. Perhaps it would be better for me to quote one or two extracts from the brief which was drawn up by them and which, I fancy, explains their condition and the situation in which they find themselves to-day far better than I can. Dealing first with hospitals they say:

In Great Britain all are within easy reach of military hospitals, and in the case of a veteran who is making first application the documents have to be sent for from London, causing considerable delay; and then there is also postal delay in Canada itself. Unlike the Canadian veteran, the British veteran may see his documents which are in the possession of

the British ministry of pensions. This is a considerable hardship as the ministry compel one to prove a medical history practically for the whole of one's life, except in the case where there is a definite wound. Further, a British veteran on pension, or allowed treatment, may not be admitted to a military hospital without sanction of the British representative at Ottawa, which causes considerable delay.

There are free hospitals in Great Britain, and in Canada there is none. They say that in Great Britain there are many services in connection with sickness and disablement such as free sanatoria, practically free medical attention, and so on. Then they continue:

The British veteran was encouraged in various ways to come to Canada, but the difference in climate, cost of living, and the cash value of his pension was not fully explained to him. In our opinion Canada must share to a certain extent the responsibility for this.

Many British veterans were advised to commute the whole of their service pension, to come to Canada, no consideration being given to the fact that their long years of army service unfitted them to compete in the business world. Canada again must also share the responsibility for this, as advice on these lines was given at Canada House, et cetera.

I have before me a letter—in fact I could quote many—which will substantiate the contention of the ex-imperials in regard to inducements offered to them to come from Great Britain and take up responsibilities in Canada. I received this memorandum this year and the dates will appear as I read it:

By Captain C. M. Stringer

I enlisted in England on August 4, 1914.

In 1926 I went to B.C. House, London, England and saw Mr. McAdam who was secretary to the agent-general for B.C. I asked him if there were any jobs to be had in B.C. He said that the Bank of Commerce had been asked by a farmer for a man at $5 per month plus board, and he advised me to take it, as it was in Grand Forks, where there was a smelter and sash and door factories. It was a busy town and by having some definite job to go to, I could find something after arrival with more remuneration.

I left my family in England and came to B.C. in June, 1926. When I arrived I found the smelter had been closed eight years and that there were really no industries.

I stayed on the farm till November when the farmer said he could not afford to pay me any more as he was going to lose his farm.

I went to the bank and said, "You got me out here, you must find me a job for the winter." This was done.

In 1927 my wife and two children came out to me. Our lovely home in England was sold. My wife brought several thousand dollars with her at the time.

All this money went and we have suffered since.

My contention is that had I not received glowing pamphlets, which were not true, printed by the B.C. government and reports from Mr. McAdam, I would never have come to Canada.

I had a small pension for two years, after the war, for malaria, but owing to pressure of business, I voluntarily dropped it. I did not commute it.

Since 1924 I have been trying to get it back, but as I cannot show positive of malaria parasite in my blood, the authorities will not give a board.

That is only one of many instances that can be cited, one of many communications that can be quoted with regard to the inducements given to ex-imperials in the old land to come and settle in Canada. However, to proceed with extracts from the ex-imperials' brief:

Many British veterans who had pensions when they came to Canada, and who would still be eligible for pensions if Canadian veterans, lost their pensions within two years or so of arrival in Canada. Further, the British ministry does not pay any pension for injury et cetera that is less than 20 per cent, thus debarring many from the benefits of the S.C.R. relief. A very great many of these veterans are now charges on Canada in various ways, such as relief, hospitals, et cetera. This is of course entirely up to Great Britain, although we consider that Canada should have made some arrangements with the government of Great Britain when she accepted these men, so that when their disabilities bore too heavily on them, they should not have been an entire charge on Canada. . . .

The British government actively assist in sending immigrants to Canada, and where it is necessary, or to the advantage of the veteran, the British government should participate in the cost of repatriation. In this connection the B.C. government in conjunction with local authorities have shown the most commendable spirit, in that they repatriate married families on relief, where the veteran can produce a certificate of employment in the country of his origin. The Canadian government have no such scheme, so that a man living in B.C. and drawing S.C.R. relief, cannot be repatriated under the aforementioned scheme. This works a great hardship on the small pensioner. . . .

In the case of "special campaign pensions," the income of the recipient is taken into account, and in applying for such a pension one has to submit for the relief office, a statement of the amount of relief in cash or kind received during the past year. Only a royal commission could settle this question between the two governments. . . .

With regard to S.C.R. relief, the veteran not being able to see his documents as he must have, or have had a disability pension of 5 per cent. In some cases where a final award has been made, the amount of the remaining disability is stated, but in most cases it is not. . . .

In the foregoing we are being reasonable as we are not even asking for the same treatment as the Canadian veteran as far as pensions are concerned, but we do ask for the same treatment as the Canadian veteran in the war veteran's allowance, S.C.R. relief, and et cetera, as we consider these to be social services as distinct from pensions. . . .

They claim that:

The history of imperial pensions in Canada is a story of the most arrant callousness and neglect. Men who had no knowledge of imperial pensions regulations and no authority to guide them as to their rights were taken advantage of in the most cold-blooded manner. There is no question that, particularly at the present time a resolution in parliament requesting a British royal commission to investigate the case of imperial pensions in Canada would bring results.

They say that while imperial veterans through their organization are asking the Canadian government to grant them certain social services granted Canadian ex-service men, their chief objective at the moment is one that cannot be reasonably denied them by parliament. Here is their request. They are asking this parliament to petition the parliament of Great Britain, requesting that a royal commission be set up in this country to travel from Halifax to Vancouver and Victoria to listen to the grievances of these ex-imperials. It may be said by some hon. members that this parliament would have no right to appeal to the parliament of Great Britain, but this is not the first time in the history of Canada that an appeal has been made concerning matters affecting Great Britain. I hold in my hand a memorandum of a petition that passed this house in 1903, in which this parliament asked that the parliament of Great Britain grant home rule to Ireland. That was passed after a great deal of discussion, and I need not take the time of the committee to read it.

Mr. POWER: It has been suggested to me that if it took as long for the imperial veterans to get their commission as it did for Ireland to get home rule after that petition of 1903, it would not do them very much good.

Mr. REID: I was just meeting the argument that might be advanced, that it would be out of place for this parliament to make such a request. But I shall come a little closer to our own time. In 1934 Australia got some redress from the imperial government with regard to settlers who had been induced to leave England and settle in Australia. A commission was set up by Great Britain in conjunction with Australia, and a total of some £30,000 was granted. There were ninety-two settlers returned from Australia, and 292 British immigrants stayed in that country after receiving some assistance from the British government; but this assistance would not have been procured but for the fact that an appeal was made by the Australian government to the imperial government asking that the commission be set up.

I appeal to the minister and the committee. This is all that the imperial veteran is asking at the moment. He wants this parliament to petition the parliament of Great Britain asking that a commission be set up that will travel across this country and inquire into these cases, many of which are very serious and tragic. I do not think it is too much to ask the minister to give the matter some consideration. He still has time to bring down a resolution or to make an appeal to the Prime Minister. This question has been placed in my hands on account of the fact that in British Columbia we have more ex-imperials than in any other province, and I deemed it my duty to bring up the matter at this time.

Mr. LANDERYOU: May I ask if the minister has negotiated with the imperial government at all in regard to this question?

Mr. POWER: I think the imperial veterans discuss it pretty constantly and persistently with the representative of the British ministry of pensions here in Canada. The British government have a representative of the ministry of pensions in Ottawa, Mr. Owen, who has all to do with imperial soldiers in Canada.

Mr. GREEN: This is the item under which it was arranged earlier in the session we should be at liberty to discuss the report of the veterans' assistance commission. There was some discussion on it one night when the item was up previously, about two months ago, but that was a one-man performance with the minister taking all the parts; he then told us that he was not going to accept the main recommendation of the commission.

Before I proceed to deal with that report, I should like to add a word in support of the suggestion that the government do something to help the imperial veterans. I agree with the hon. member for New Westminster that for many years the lot of the imperial veterans in Canada has been a tragic one, and anything that can be done by this parliament to assist them certainly should be done.

This, I suggest, is the session when the commission chickens are coming home to roost. Two years ago this government quite cheerfully tied several difficult problems to several commission chickens, with the result that they were flown away and did not have to be faced until this year. Now these chickens are back with reports. There is the veterans' assistance commission, known as the Rattray commission; the national employment commission, known as the Purvis commission; the

textile commission and the wheat marketing commission, both known as Turgeon commissions, and the penitentiary commission, known as the Archambault commission. Then there is the Rowell commission on dominion-provincial relations just over in the next field, on the way back—

The CHAIRMAN: The hon. member is out of order in discussing commissions not pertaining to pensions and health.

Mr. GREEN: I was just going to say that this Rowell commission threatens to fill the whole barnyard when it gets back. But to get back to the Rattray commission chicken, it had the unfortunate experience of coming back to the doorstep of the Minister of Pensions and National Health. I think that was a very unhealthy place for it to land, for after a certain amount of deliberation the minister proceeded to give its neck a twist by turning down the main recommendation, which was that the dominion government should accept responsibility for temporary assistance to indigent unemployed veterans who are employable; in other words, for unemployed veterans who are fit, with several provisoes: first, that these men must have served in a theatre of actual war, or, in other words, that they must have been front line men; second, that they must have been domiciled in Canada at the time of enlistment; and third—and I point this out particularly—that they must be willing to work. If they were not registered with an employment agency; if they showed any sign of being unwilling to work, then they were not to be eligible for this assistance. It should be pointed out also that this recommendation does not apply to pensioners or to veterans in receipt of the war veterans' allowance as burnt-out soldiers. These groups are cared for in other ways.

The reply of the government to this recommendation by its own commission was definite and complete. I quote the remarks of the minister, which are to be found at page 1040 of Hansard:

> Most hon. gentlemen will agree with me in considering that the one hundred per cent fit man is not the responsibility of the federal government. If he is out of work at the present time it is due to economic causes, and not to war causes.

That is a statement which, I think, needs many qualifications. But the minister went on:

> If a man is absolutely fit to work it is extremely difficult to attribute his unemployability to his war service.

Then at page 1459 the minister said:

> I want to repeat that the government does not think it should accept responsibility for the care and maintenance whether by way of an economic allowance or otherwise, of 100 per cent fit men.

That was a definite and complete rejection of this recommendation, and a denial of any responsibility for the care and maintenance of the fit front line men. It was rather surprising, in view of past events.

The problem of the unemployed war veteran, who was not a pensioner or the recipient of war veterans' allowance because he was brunt-out, came with the depression. It was so bad by 1934 that in that year the Canadian legion made an extensive survey of unemployment among veterans. In January, 1935, they asked the late Conservative administration to have an investigation, and in March of that year the Hyndman committee were appointed. They were instructed to investigate facilities for providing employment for unemployed veterans and also—and I stress this point—to investigate the facilities for the care and maintenance of these unemployed veterans while unemployed, showing that the government of that day recognized the fact that Canada had some responsibility for the care and maintenance of these veterans while they were unemployed.

Late in May of 1935 the Hyndman committee brought in an unanimous report finding that the dominion government should assume some responsibility for these men. I quote the following from page 5 of that report.

> We are of the opinion that Canada as a whole would shrink from any policy which would permit these unemployed non-pensioners to remain in want and dire distress, as some of them undoubtedly do, and would approve of reasonable assistance being extended to them during temporary unavoidable idleness, until such time as occupations suitable to their ability can be found.

They recommended that the government should add to the relief paid to veterans by municipalities where the municipal rate was below that paid by the Department of Pensions to small pensioners. They recommended further that a veterans' assistance commission be set up to help find jobs for these unemployed veterans. Later in 1935 came the election, and I have no doubt every hon. member heard about the Hyndman committee report. Probably many of them undertook to implement those findings.

Then, in the 1936 session this government passed the Veterans' Assistance Commission Act which under paragraph (e) of section 6 provided the following:

> 6. The commission shall,—
> (e) investigate into existing facilities for the care and maintenance of veterans while unemployed and report thereon with such suggestions or recommendations as may be deemed advisable.

This shows that in 1936 the present government realized that Canada had some responsibility for the care and maintenance of these men while they were unemployed. That bill was referred to a special committee of the house known as the committee on pensions and returned soldiers' problems. The bill was approved by the committee and returned to the house with a recommendation in which again responsibility was acknowledged. That recommendation from the committee was as follows:

As representations were made that the existing facilities for the care and maintenance of unemployed veterans were inadequate in some localities your committee would further recommend that the commission, while conducting this survey into the extent of unemployment, should investigate the facilities available throughout Canada for the care and maintenance of veterans and should make such suggestions and recommendations as may be deemed advisable.

The Veterans' Assistance Commission Act became law. The Rattray commission was appointed on July 7, 1936, and shortly afterwards fifteen honorary local committees were set up across Canada—with a paid secretariat and provision made for officers to help carry out the provisions of the Veterans' Assistance Commission Act. The Rattray commission deserves a great deal of credit. With the aid of these local committees, which also have done wonderful work, and for the setting up of which I give the government and the minister all due credit—

Mr. POWER: The commission did that work; I did not do it.

Mr. GREEN: The minister helped to set up the commission. Work was found for many of the unemployed veterans in several ways. For example, the honorary committees went to employers and were able to place many of the unemployed veterans. There is a very cheering word in the report with regard to the attitude of the veterans to work, and the attitude of the prospective employers to the veterans; at page 55 of the veterans' assistance commission report we find this:

Before recommending temporary allowances be granted to single and married unemployed veterans who saw service in a theatre of actual war, this commission established these facts:

1. Veterans are anxious to work;
2. Employers are willing to employ them.

I believe employers across Canada have never been more favourably disposed towards veterans than they are at the present time, on account of the efforts of the Rattray commission and of the honorary local committees.

[Mr. Green.]

In addition, the commission set up different projects which were referred to to-night during the course of the discussion, such as the corps of commissionaires, Workshops Limited, and other projects; and probational training was provided to fit men for work which they could not have done without the extra training.

But in addition to finding jobs for veterans the commission made a thorough investigation of the problem of the unemployed veteran. Early last year interim reports were brought in, and finally in December a final report was presented. Several significant findings were made by the commission. For example, it found that it could do nothing for unemployable veterans, those who were disabled. There was no sense in getting jobs for men who were not fit to do them. Several of us had pointed out to the minister and the government during the 1936 session and again last session that the unemployable men could not be helped by the commission, and that they should be provided for by an extension of the War Veterans' Allowance Act. The Rattray commission found the same thing, and this year the government has extended the act to provide for those men. Then, the commission found that many of the employable men could not be placed either through projects, through direct contact with employers, or by giving probational training. Thousands of these men could not expect to get jobs. To-night the minister frankly admits that the projects the government is financing during the coming year will take care of only a few more of the unemployed veterans, and that there is no legislation being proposed or no provision being made by the government to find jobs for these men.

The commission reported as its main recommendation the following, which will be found at page 63 of the report:

After giving the matter considerable thought and bearing in mind the representation made by organizations throughout the country, by honorary local committees, and information obtained from various sources, the commission has come to the conclusion that it can do no less than recommend that the dominion government accept responsibility for all indigent unemployed veterans who were domiciled in Canada at date of enlistment and who saw service in a theatre of actual war.

But it goes on to state the proviso that the men must be willing to work. That finding is confirmed by the reports of the different honorary local committees which actually had to face the situation. They were composed of men who knew the facts and the Rattray commission had travelled from one end of

Canada to the other and knew the facts too. The numbers covered by the recommendation are to be found at page 61 of the report. It is there stated that there are 10,146 men. At page 20 of the report the commission has this to say:

> This leaves about 10,000 men with actual war service who are physically fit, who want work, and up to the present time have not been able to find it.

It will be noticed that the recommendation does not include those who served only in England or Canada, and includes only those imperials who were domiciled in Canada when they enlisted. And I would draw particularly to the attention of the minister the fact that the recommendation that the government assume responsibility for these men is directly in line with the recommendation of the national employment commission, known as the Purvis commission, that the Canadian government should assume responsibility for the unemployed in Canada who are employable. Both commissions recommended that employable men willing to work were the responsibility of the dominion government; yet the answer of the government so far as veterans are concerned is, "We will assume responsibility only for those who are unemployable, who are broken down." In other words, the government's policy is what might be termed a "break-down" policy. There is to be no responsibility for care and maintenance of an unemployed veteran unless he is broken down.

I submit that the policy should be to do everything to prevent these men from breaking down. It is another case of an ounce of prevention being worth a pound of cure. This answer is given by the government despite the fact that it was known from the start that the fit unemployed veterans were the largest group in trouble. It was known that these men could not all be put to work and that the commission would have to make some recommendation for their care and maintenance while unemployed. The principal reason given by the minister in support of the government's action is, "Oh, the soldier organizations have not supported the recommendation; the soldiers are not agreed on what should be done." As a matter of fact, I do not think there were many soldier organizations in Canada that were not agreed that the responsibility lay with this government. There was some disagreement as to the method by which that responsibility should be undertaken, but there was practically no disagreement on the principle recommended by the commission.

Certainly the reason given by the minister is no excuse for doing nothing; it is merely camouflage. No answer is given to the reasons set forth by the commission for the recommendation. The commissioners found that the veterans are handicapped in the labour market because of loss of training; that they were in the army during the time when normally they would have been receiving training; also because they were preaged. The dominion government admitted that the ex-soldier is preaged to the extent of ten years when it made provision that the war veteran should receive an allowance at sixty years of age instead of at seventy, the age at which the civilian becomes eligible for old age pension. Another reason given was the difficulty that these men had in readjusting themselves when they came back from the war; many of them have not been able to readjust themselves up to the present time. It was found that all these handicaps are the result of the service that these men gave to their country. The commission also considered the tendency of the provinces and municipalities to question their obligation to the veterans. It was found that these other governmental bodies take the position that the veterans are not their responsibility; that they are the responsibility of the dominion government. At page 34 of the report of the commission we find these words:

> The whole problem of care of the veteran is complicated by the different, and frequently conflicting, governmental authorities. The dominion government has always assumed full responsibility for its pensioners. Not so, however, in the case of the non-pensioners who are classed as ordinary citizens and come under the same social legislation and benefits as other residents of their respective municipalities and provinces. None the less, the majority of unemployed veterans insist that they are wards of the federal government because they were enlisted by that government, paid by that government, and promised the never-failing gratitude of the country by representatives of that government.
>
> This attitude is shared by the provinces and the municipalities. True, in respect of the latter there is always the hope that they may succeed in shifting part of the burden of expense from themselves. But apart altogether from this hope, there is a feeling that the federal government has a responsibility towards the veterans that sets them off from ordinary citizens.

Another reason given by the commission for this recommendation is the attitude of the veterans themselves toward relief. The following is to be found on page 19 of the report:

> To the veteran, relief is something which is given reluctantly by a government body—usually his municipality—which he does not consider the governmental authority that really should look after him. The war veteran's allowance on the other hand, is looked upon as a reward for services rendered to the dominion government during the great war. The veterans'

assistance commission feels no obligation to defend or condemn these differing attitudes. It wishes merely to point out that they exist.

Another reason was the fact that few of these veterans are of an age at which they can be taken into industry; that the average age of the unemployed veteran is about fifty years, and that there is very little chance of a man as old as that being placed in industry in competition with the young man looking for a job for the first time. The commission found also that the veterans make up a marginal group in the labour market; that unemployment among them will be chronic; that some will get work but others will lose their employment, and that the problem will get worse rather than better. On page 22 we find:

> The commission has already hinted at its feeling concerning the future of our problem. We have no other expectation but that the problem will become graver in the future rather than less serious.

The final reason given for making this recommendation is the honour of Canada. At page 40 I believe the commissioners sum up the feeling that exists across Canada quite accurately when they say:

> We feel, as we are confident the country at large feels, that no matter what Canada has done to requite the services of her veterans, her obligation to them is not discharged while one of them walks the streets vainly in search of work or while one of them is in distress.

They might have referred also to the attitude of the press. I should like to draw to the attention of the minister an editorial entitled The Unemployed Veteran which appeared in the Vancouver Province of February 28, 1938. I think this is typical of the opinion that has been expressed by newspapers across Canada. The last paragraph reads:

> The new principle here is that it establishes the relief of the Canadian war veteran as the recognized obligation of the national government, and doubtless there will be something of a tussle in parliament before that principle is accepted. But surely there is good sense, as well as humanity, in this proposal, which, in the long run, only recognizes that the service which gives the veteran his claim was service to the nation.

And they might have added that there are in Canada to-day between 75,000 and 80,000 men who were wounded but whose disabilities are not sufficient to enable them to obtain pensions. These men all bear wounds upon their bodies and many of them no doubt are in the ranks of the unemployed; yet the dominion government assumes no responsibility.

And finally the commission might have referred to the transient problem which has come to a head so disastrously in Vancouver during the last few days. Upon my return after the Easter recess I warned the Minister of Labour (Mr. Rogers) of what might happen, and yet we have these men in the Vancouver post office and the art gallery. Hundreds of them have been there for five days and yet both governments are simply watching. This government is sitting still and doing nothing because it is 3,000 miles away from the scene of trouble. Among that group of unemployed transients in Vancouver who do not belong to Vancouver or to British Columbia are over 200 war veterans. They were picked out and cared for by the city for many weeks because they were war veterans and in the hope that the dominion government would assume its responsibility and take care of them. Yet there they are now; I hope they are not with those who are demonstrating, but they are among the unemployed transients in Vancouver at the present time and obviously not the responsibility of the city or province.

Perhaps the plan of this commission was not sound, but the minister suggests no alternative. The principle is sound; the plan may not be. But the minister simply says that the government is not responsible. That means hopelessness for the unemployed; it means that these unemployed veterans must wait and suffer until they reach the age of sixty and become eligible for the war veterans' allowance or until they become eligible through disability. It simply means that the fit front line man must remain on the ordinary relief rolls.

There is little one can suggest as a remedy. I do not like to be purely destructive; but with the government taking that attitude, and refusing to face the situation, there is little one can suggest. Nevertheless I do suggest this: With the principle recommended by the commission definitely rejected by the government, the government could at least extend the local committees, set up honorary local committees in other centres. At the present time there are only fifteen. The government could work out more projects for giving these men employment; put through a larger vote, instead of cutting it so that this year only $85,000 is available, and that practically all earmarked already. And the minister could insist that the employment service of Canada be improved. We have the statement of the national employment commisson that the employment service of Canada is antique. Time and again it has been recommended to the government that a dominion employment service should be set up; yet nothing is done. It is very directly the concern of this department, and

I suggest that the minister press upon his colleagues in the government the need for a proper employment service. This problem of the unemployed veteran is not settled. Sooner or later the Canadian government will have to face it again. In the meantime this government is running away from it. We have here another example of the present government furthering and creating disunity in Canada through its failure to give leadership on these problems so vital to the welfare of our people.

Mr. MacNEIL: The minister made a statement on March 17 bluntly rejecting the main recommendation of the veterans' asssistance commission, and we have since had an opportunity to gauge the reaction of the ex-service men and the public generally. There has been found disappointment everywhere at the attitude taken by the minister and his unwillingness to assume additional responsibility with regard to the problem outlined by the commission. The approach to the problem has been very carefully and ably outlined by the hon. member for Vancouver South (Mr. Green), and I wish to support his position and to add a few observations on my own account.

I did hope that as a result of the Hyndman commission report, the work of the parliamentary committee of 1936 and the interim and final reports of the veterans' assistance commission we had now reached the position where this problem could be brought to a stage of finality, where sufficient evidence had been gathered to enable the minister to present to parliament a well-rounded program disposing of the residual features of the situation. As I have said before, inaction or delay in these matters is always more costly than prompt action.

I have perused the report of the veterans' assistance commission with great interest. This report is something more than merely an interesting document; it represents a very careful analysis of the situation in all its aspects. For the first time in recent years it affords a fairly accurate measure of the dimensions of the problem, and also makes concrete proposals for dealing with it. The report deals with the obligations of this country in regard to ex-service men, promises made in years gone by, tells exactly what has been done and what remains to be done, and makes an effective plea for ex-service men, not on compassionate grounds, but for a satisfactory solution of their problems in the public interest.

A very important point it makes is that there are no constitutional barriers in the way of effective action by this government in regard to this problem. In connection with the general problem of unemployment we have frequently been told that constitutional difficulties prevent action by the federal government. This report shows how the government by aiding ex-service men as suggested in the main recommendation could ease the burden resting upon the municipalities and ameliorate much of the general social distress which is apparent across Canada. I was struck with the reminder contained in this report of the promises made to the soldiers and the circumstances under which they were made. May I quote briefly from page 27:

> Sir Robert Borden addressed the Canadian fighting forces at Vimy Ridge in 1917 in words ascribed to him as follows:
>
> "You are men actually facing the enemy day and night. You are suffering greatly from fatigue, overstrain and lack of rest. The marvel of it is that men could undergo such a strain without breaking; but you have never yet broken, and history will appreciate that in days to come.
>
> "You men are about to enter one of the most serious engagements that ever faced the Canadian corps. I cannot, at this moment, give any information as to where this attack will be staged; whether it be successful or not, it is to be borne in mind that it will not be an easy success . . . We feel confident that you will succeed where others failed; for you have never yet failed in anything that you have set your hand to as a Canadian corps.
>
> "You can go into this action feeling assured of this, and as the head of the government I give you this assurance; that you need have no fear that the government and the country will fail to show just appreciation of your service to the country and empire in what you are about to do and what you have already done.
>
> "The government and the country will consider it their first duty to see that a proper appreciation of your effort and of your courage is brought to the notice of the people at home, and it will always be our endeavour so to guide the attitude of public opinion that the country will support the government to prove to the returned men its just and due appreciation of the inestimable value of the services rendered to the country and empire; and that no man, whether he goes back or whether he remains in Flanders, will have just cause to reproach the government for having broken with the men who won and the men who died."
>
> In these words Sir Robert, on behalf of the government, entered into a contract every whit as binding as that between Canada and the holder of victory bonds. In a certain sense the contract was more solemn. The victory bonds were, after all, pretty much a business transaction. The contract between Canada and her men going overseas reached beyond business into the realm of the ideal.

The report brings to the attention of the minister evidence that gives an excellent perspective of the entire problem. Boiled down it is this: there are practically 15,000 unemployed men, as far as they are able to esti-

mate, who have seen service in a theatre of actual war; five thousand of this number are likely to benefit under the new amendments to the War Veterans' Allowance Act. There remain approximately ten thousand men who cannot be classified as unfit or partly fit, for whom no provision is made. I would point out the large percentage of these men suffer from disabilities or handicaps as a result of service for which no satisfactory yardstick can be found in existing pensions legislation or in the War Veterans' Allowance Act. There are, for instance, those men who enlisted early in life and sacrificed the formative years of their life, who were unable to gain skill in any trade or vocation, whose educational progress was interrupted, and who since then have never had any opportunity to gain a secure foothold in the economic life of the country. These men suffered more than any other class during the depths of the depression. There are men in this group to-day who are classified as being "too old at forty," who for various reasons are not wanted in our industrial enterprises. They are more or less derelict, drifting, forgotten and unwanted. This report brings these facts to the attention of parliament in a very concise form.

The central issue at stake with regard to the main recommendation is, as has well been pointed out by the hon. member for Vancouver South. Shall the federal government assume additional responsibility with regard to those who are classified as non-pensionable or not elegible under the War Veterans' Allowance Act, and who yet, by reason of war service, are unable to secure gainful employment? I think the tragic feature of the situation is that the minister definitely rejects the main recommendation of the commission, though on several occasions previously he has admitted the existence of this problem in all its most serious aspects, and yet he has not presented to the house any satisfactory alternative as a solution of this problem.

The minister in a statement on the 17th instant, in rejecting this recommendation for a provisional economic allowance, made the definite point that there was little agreement among the organizations of ex-service men. I am bound to point out that the disagreement to which he referred was only with regard to details as to the recommendation. Practically all the national organizations were in agreement as to the principle that the federal government should accept responsibility now for the welfare of unemployed, fit ex-service men.

I think a word should be said here, because of remarks previously made by the minister, as to the attitude of the national organizations of ex-service men. They have painstakingly gathered together evidence with regard to this problem and presented it in a reasonable way to the government. All their proposals have been reasonable. There has been no attempt to create artificially a problem or to foster a general grievance. I think it should be recognized that in their representations, arising from conclusions reached in the units across Canada, they are under great pressure because of the need that exists in all these communities. At every meeting that I have attended of ex-service men I have found pathetic evidence of a large number of men in distress appealing to these organizations for definite aid, and only through these organizations do they find channels of negotiation. Those who serve in the national executives of these organizations do so only because of a desire to assist their less fortunate comrades and at the same time reconcile that service with the public interest.

Coupled with the rejection of the main recommendation of the commission on economic allowance, I am distressed to note the reduction in the provision for special employment projects. The minister has said that while he could not accept on behalf of the federal government any further responsibility for the extension of relief to unemployed, fit ex-service men, nevertheless the government was prepared to accept a full measure of responsibility with regard to provision of employment facilities. There is as yet no evidence that this particular phase of the work will be extended in a manner that will deal adequately with the situation. In this regard I think we should note the position of the local honorary committees. Within those committees there have been recruited representative business men, and I fear that unless adequate funds are provided for the projects outlined by them, there will be a sense of let-down; they will be disappointed and discouraged, and never again will their cooperation be secured for work of this sort.

It is becoming increasingly apparent that ex-service men are at a special disadvantage when unemployed, particularly when it becomes necessary for them to apply for relief. Everywhere I find, as the hon. member for Vancouver South has found, evidence that the municipalities are inclined to refer ex-service men back to the department, to deny any responsibility and to say that they should be provided for by the federal department. Day after day I receive letters from men and meet men who seem to be kicked about from pillar to post. They are told, if they apply for work on the relief projects,

that they are medically unfit, that they should go to the federal department. When they go to the federal Department of Pensions and National Health they are told that their disabilities are not such as can be recognized for pensions, war veterans' allowance or unemployment assistance. Their plight is serious in that regard because of the general pressure now being exercised to reduce relief expenditure. For that reason I feel that the minister should not be too blunt in closing the door on negotiations with regard to this problem. The problem has not yet been solved. He rejects the recommendation of the commission in this respect, and if he does not suggest some satisfactory alternative the problem will assume more definite aggravation in the days to come.

I also wish to add a word in support of what has been said about the plight of imperial ex-service men in Canada. Everywhere there is pathetic evidence of their distress—men who, encouraged to come to Canada, have given every evidence of a desire to establish themselves as satisfactory citizens in our community, men who when they left the United Kingdom surrendered what advantages in the way of social services they might have enjoyed if they had remained in their own land. As a parliament we cannot deny all responsibility for their present tragic plight. I do not suggest that the Canadian government should assume full responsibility for their welfare; but I do suggest and urge that the minister take suitable action to enter into negotiations with the British government whereby, with a general cooperative effort, some provision may be made for their needs. Possibly at another time—the hour is growing late—we may have an opportunity of dealing more extensively with this particular problem, which is most urgently demanding our attention in all communities in Canada. The most conservative estimate I have yet seen of the number of imperial ex-service men in Canada is 76,000. I think we owe it to them at least to enter into negotiations on their behalf. The minister stated formerly that he did on one occasion while overseas, interview officials of the British ministry of pensions. May I suggest to him that a passing and more or less casual interview of that sort is hardly sufficient. We have records of negotiations successfully consummated previously with regard to those who served in imperial units, who had pre-war domicile in Canada. Part of that agreement is incorporated in the Pensions Act, part of it stands apart from the Pensions Act; but by reason of negotiations entered into by Canadian government officials it was possible that when the problem has been fully stated on their behalf by the minister or some representative of the Canadian government we may find it possible to evolve some scheme which will ease the tension of the present situation. It is most unsatisfactory at the present time to find so many of these imperial ex-service men in want, in desperate straits, and with no direct avenue of negotiation on their own behalf.

I have just a word to say upon the discussion which took place earlier in the evening with regard to the employment of ex-service men on dominion government projects. In the house the other day some reference was made to the situation in Halifax. Only this morning I received a communication from an organization in that city stating that they have a definite grievance, that when the veterans' assistance commission sends a list of the unemployed ex-service men available for special improvement projects, this must be o.k.-ed by a representative of, or personally by, one of the sitting members for Halifax. When the list is o.k.-ed—on the basis of political considerations, as I am informed—it is then referred to Colonel Vince, the head of the local engineering branch of the National Defence department. A selection is again made from that list, and the definite complaint is that by reason of that procedure of selection civilians are actually placed on the work to the exclusion of veterans who are competent and available. They say that many of those in charge of projects frankly state that they are not prepared to employ ex-service men.

As I have stated, the ground has been thoroughly covered by the hon. member for Vancouver South, and I desire to place myself on record as indicating my support of all the recommendations of the veterans' assistance commission. I find it hard to believe, from what I know of the character of the men who composed that commission, and the nature of the inquiry conducted across Canada, that they would make this recommendation in respect of a provisional economic allowance unless they were earnestly convinced that there was no satisfactory alternative to solve this problem. May I, in closing, quote a few sentences from page 62 of their report:

> We are convinced that we would not have done our duty if we failed to make recommendations that would cover them all—
>
> Referring to the entire 15,000.
>
> —and that if we recommended remedial legislation to cover only a portion of the unemployed veterans who saw service in a theatre of actual war, we would not have completed our difficult task.

There is a general feeling throughout the country that unemployed war veterans should be accepted as the responsibility of the dominion government. Particularly is this view prevalent amongst provincial and municipal authorities, and among responsible veteran organizations who have to deal with the class of veteran included in this report.

During the recruiting period in Canada, many war-time promises were made to the troops by men in public life, no doubt in all sincerity at the time, but it would not be correct to say that all of the promises had been fulfilled.

There is no doubt that the veterans keeping in mind these promises, believe that they are and should be accepted as a definite responsibility of the dominion government when unemployed.

It is not altogether surprising that, in view of the attitude of provincial and municipal authorities on this matter of unemployment relief responsibility, veterans, who have to seek local assistance, do so with a feeling of humiliation. Disillusionment and bitter thoughts prevail amongst many of these men to-day, yet they have held themselves aloof from all that is not good citizenship. They stand for law and order, but they feel that they deserve better than their present lot.

Our veterans are a strong moral force in the nation and, during years of depression, their attitude has had a steadying effect on the community in general.

By its efforts to solve the unemployment situation, the dominion government has already recognized that unemployment is basically a national problem. In the case of ex-service men, the commission feels that unemployment is essentially even more of a national problem, because the influences that contributed most to the unemployability of these men had their origin in a national emergency.

I heartily endorse these words.

Mr. BLACKMORE: I do not wish to say much at this late hour, but I do want to associate myself earnestly with the previous speakers. All things considered, our treatment of our returned men has left very much to be desired, and I think something further should be done for them. If this system under which we are living renders Canada incapable of doing more for her returned men, that fact alone stands as a condemnation of the system and for all thoughtful men it should be a sign that the system must be changed. Manifestly a country like Canada can do more for her returned men than she is doing. I shall never be satisfied until at least all that is asked for and recommended by these two commissions is done.

Mr. ISNOR: I realize that the minister is anxious to get this item through, and I do not propose to take up time except to reply briefly to a remark made by the hon. member for Vancouver North. I would hesitate to criticize actions or supposed actions taking place in Vancouver, which is rather a long distance from Ottawa, and still longer from Halifax, and for that reason, without knowing my facts, I would hesitate to make criticisms of conditions at such a distance. I live in Halifax; I am there the greater part of the time, and when I am in Ottawa I keep in touch with matters pertaining to my constituency. I have on my desk and in my file letters from various returned soldiers' organizations in Halifax, and almost without exception they have been good enough to write thanking me and asking me to express to the Minister of Pensions and National Health as well as to the Minister of National Defence their appreciation of the cooperation given to returned men not only in regard to pension matters but with respect to the general employment situation. I hesitate to say that the hon. member for Vancouver North raised the question from political motives. Knowing him, I would not say that he had spoken from that point of view; but in regard to the question raised the other day by an hon. member sitting on the other side of the house, when he asked a question based upon a telegram he had received from an individual in Halifax, it was shown later that the information was not according to the facts.

Last Christmas the complete list of names which was forwarded by the secretary of the veterans' assistance commission was accepted 100 per cent, which shows a willingness to cooperate on the part of those who are in authority in Halifax. I believe the same can be said to a very large extent with respect to various projects now being carried out in Halifax. I say, therefore, with all due respect to the criticisms offered by the hon. member for Vancouver North, I am satisfied that in the very large percentage of cases, almost wholly, this government has the support of the returned men not only in Halifax, but also throughout Nova Scotia.

May I say one word in reference to another criticism offered by an hon. member in reference to a certain undertaking in Nova Scotia. He did not mention the county, but the reference was to the town of Yarmouth. I have been informed that, regarding the recent project in connection with the airport in the town of Yarmouth, a responsible party wrote to the honorary secretary of the veterans' assistance commission in Halifax, stating that fifty per cent of the men on that project were returned men and that a large number of unemployed returned men of Yarmouth were being taken care of. That is altogether different from the picture presented by the hon. member for Vancouver North. The hon. gentleman did not state his authority for the statement he made. Perhaps he will give us the name of the person who sent the letter.

Mr. MacNEIL: I have no desire to question the hon. member's statement. I brought this matter to the attention of the committee as an indication of the general procedure in connection with the employment of ex-service men. The letter is from an organization known as the Veterans of France and is signed by N. M. L. Rolfe over the seal of the organization. The complaint is not against the hon. member or the department, but rather against the procedure. It is that when the list of ex-service men available for work is prepared by the veterans' assistance commission, it is again scrutinized on the basis of political considerations, apparently in regard to their eligibility to share in political patronage, and is o.k.-ed by some representative of the hon. member or by the hon. member himself. Then they say it is again scrutinized by the department, and that by reason of this procedure some ex-service men who might have obtained employment are denied that opportunity. It is just that, with the hon. member for Vancouver South, I protest against such procedure, because it results in the elimination of some men who, I feel, should be entitled to employment. They state definitely that on some of the projects now under way in Halifax a very small percentage of ex-service men are employed. I hope to hear from the hon. member for Halifax a denial that such procedure is followed, and that regardless of political considerations all deserving ex-service men are granted an opportunity to obtain employment on these projects.

Mr. GREEN: What is the present position with regard to the number of pensioners who are getting assistance?

Mr. POWER: There are about 8,500.

Mr. GREEN: Then there has been a substantial reduction in the number of pensioners requiring relief?

Mr. POWER: Yes. A good many of them have obtained jobs and quite a number more received the war veterans' allowance during the past year.

Item agreed to.

Services to veterans and dependents—Care of patients, $3,045,287.

Mr. MacNEIL: The other evening the minister stated that there was an increase in the total appropriation for hospital allowances and care of patients. I have some difficulty in understanding the figures he utilized. Apparently he took the actual expenditures for 1936 and 1937, according to his statement on page 3071 of Hansard, and compared them with the estimate for the present year. But in both estimates, for care of patients and for hospital allowances, there are definite decreases indicated this year. Is it possible for the minister now to give comparative figures for the fiscal years 1936-37 and 1937-38 as regards provision for care of patients and provision for hospital allowances, as well as comparative figures with regard to hospital admissions, with particular reference to class 1 patients?

Mr. POWER: It has been very difficult to get the exact figures, on account of the different set-up of the estimates this year. I do not think I can get that information for my hon. friend without going to a great deal more work than I have had time to do since I last saw him. There has been a change in the system since 1936 in that, as my hon. friend knows, class 5 has been established, which is really a clearing-house for the other classes. So it is very difficult for us to obtain comparable figures.

Mr. MacNEIL: I shall not press the minister if it entails a great deal of work, but I asked for these figures because of the general concern that exists with regard to the application of P.C. 91 as against P.C. 1842. There are some points which have been brought to my attention in dealing with individual cases. It is alleged that a number of men have been transferred from class 1 to other classes and thereby have been deprived of pay and allowances, and there has been some readjustment in regard to reclassification which has reacted to the disadvantage of the men.

The next point was with regard to dental treatment. That was touched upon the other night, but I wish to add that when dental treatment is offered a man living in a remote district, away from a departmental institution, and it is required that he receive that treatment in a departmental institution, no provision is made for transportation expenses, so that it is practically impossible, as I understand the situation, for that man to take advantage of the regulation. The expense of travelling probably would be greater than the expense of having dental treatment at home.

Mr. POWER: I suppose my hon. friend knows that under P.C. 1842, the former order in council, dental treatment was never given as class 2 at all, and that under P.C. 91, passed in 1936, dental treatment is given as class 2. So there is that much improvement in comparison with the old order in council; I think that is pretty clear.

Mr. MacNEIL: Yes; but my plea is for the man for whom dental treatment has been recommended as likely to improve his general condition. He may be in receipt of a pension for tuberculosis, let us say—

Mr. POWER: But he did not get it at all before; so he is that much better off now.

Mr. MacNEIL: I am glad to hear that; but is it not possible to make satisfactory arrangements so that a man may either receive his transportation expenses to a departmental institution where he can receive the necessary treatment, or secure that treatment at the point where he resides?

Mr. POWER: I am studying that matter, and I hope to arrive at a fairly satisfactory solution.

Mr. GREEN: Perhaps the minister would let this item stand. I think there are more matters to be brought up.

Mr. POWER: Is there much more on it?

Mr. GREEN: I do not know.

Mr. POWER: I should like to go into health to-morow. A number of hon. members have been asking me about that. We have spent a considerable time and quite a number of sittings of the house discussing pensions, which we have debated in all its phases. Of course I am in the hands of the committee, but the doctors must have their day some time. The soldiers have had many days.

Mr. GREEN: There is only one point I have in mind, and it might take only a short time, but I suggest that the minister let the item stand.

Mr. POWER: Has my hon. friend anything to say about it, or does he just want to make another speech? I do not want to have the item carry if there is to be any further discussion; I do not want to be discourteous to my hon. friend.

Mr. GREEN: We had two or three points we wished to have discussed; it is not a question of making a speech, or anything like that. I think the minister should let the item stand.

Mr. POWER: It is eleven o'clock anyway.

Item stands.

Progress reported.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

Friday, May 27, 1938

The house met at three o'clock.

CENTRAL FINANCE CORPORATION

MOTION TO RELIEVE COMPANY OF REPAYMENT OF PARLIAMENTARY FEES

Mr. W. R. MACDONALD (Brantford City): Mr. Speaker, with the leave of the house I move, seconded by the hon. member for Halton (Mr. Cleaver):

Whereas the Central Finance Corporation applied for change of its name and increase of capitalization at the last session of parliament, and paid a fee of $1,400, which is chargeable on the increase in capital, and also paid in addition thereto all other parliamentary fees;

And whereas on account of the shortness of the session of parliament, 1937, the bill was not presented to the House of Commons for third reading;

And whereas the said corporation is applying at the present session of parliament for the same increase in capital;

And whereas the said corporation is required this year to pay again all parliamentary fees in connection with its present application, and should be relieved only of payment of fees chargeable on increase of capital;

Therefore be it resolved that the Central Finance Corporation be not required to pay the fees chargeable on increase of capital, on its application now before parliament for increase of capital, notwithstanding standing order 93, paragraphs (3) and (4) of the standing orders of the House of Commons.

Mr. BENNETT: Should this not have gone to the committee?

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, this resolution came up before the banking and commerce committee and a discussion of the subject took place a day or two ago. My understanding was that the whole matter should stand until the committee had completed its work and was prepared to make a report which would affect the whole subject. I must respectfully protest against the resolution passing to-day. In any case there should be notice and, in the second place, I suggest it should not be considered until the committee has completed its work or completed consideration of the matter affecting this resolution.

Hon. CHARLES A. DUNNING (Minister of Finance): I was not present before the banking and commerce committee when the matter was discussed, but I am advised there was a general consensus of view that while the company should be called upon to pay its full parliamentary fees this session for the bill, it should not again be charged the $1,400 which it paid last year with respect to the application of last year for an increase in capital, which it did not secure.

I have no objection in principle to what is here proposed, but I am advised by the clerk of the house that this motion should be referred for consideration to the committee on standing orders, and that it is not appropriate that it be dealt with in the manner now proposed. I think I would be in order in moving that the matter be referred to the committee on standing orders.

Mr. STEVENS: That does not alter the position which I have taken. A definite understanding was arrived at in the banking and commerce committee that this matter would not be proceeded with until there was further discussion of it; because I desired to discuss it in that committee before it was brought to the house at all. I suggest to the minister that the motion be allowed to stand until the banking and commerce committee have disposed of the matter and we have been given an opportunity to discuss it there. I have no doubt it will carry, but it should be allowed to stand in the meantime.

Mr. DUNNING: On the point of order, standing order 101 reads:

No motion for the suspension of the standing orders—

Just what this resolution is.

—or any rule respecting a petition for a private bill will be entertained, unless the same has been reported upon by the committee on standing orders, and the committee in its report shall state the grounds for recommending such suspension.

The only question in my mind with respect to following the course suggested by the hon. member for Kootenay East (Mr. Stevens) is this: Can this corporation get its new application before parliament without again paying $1,400? Can it proceed at all? I think that is the question that must be decided, and the standing orders committee would be the appropriate body to go into that phase of the matter.

Mr. STEVENS: I have no objection to that at all, but at the same time there has been no notice of motion, I suggest that it should stand until the proper forty-eight hours have elapsed.

Mr. DUNNING: I have no objection to its standing as a notice of motion, but my amendment for reference to the committee on standing orders should also stand as an amendment.

Right Hon. R. B. BENNETT (Leader of the Opposition): I suggest to the hon. member that he add to the motion as read by the Speaker these words, "such payment having been made in 1937." Then you would have it upon the records of the house. The preamble is not part of the motion as read.

Mr. MACDONALD (Brantford): I shall be glad to adopt that suggestion. When this matter came up in the committee it was suggested that the amount paid be repaid to the company. The motion which I have made does not suggest repayment; it merely suggests that the company be not required to pay again what they have paid already.

Motion as amended stands.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 125, for the relief of Paul Sanson White.—Mr. Hill.

Bill No. 126, for the relief of Louise Maud Thomas Gregory.—Mr. Factor.

Bill No. 127, for the relief of Emma Kathleen Lavery Forester.—Mr. Graydon.

Bill No. 128, for the relief of Edith Margaret Campbell Quinn.—Mr. Hyndman.

Bill No. 129, for the relief of Dorothy Maud Doran Gay.—Mr. White.

GRAIN HANDLING AT QUEBEC

RATES FOR HANDLING FROM LAKE VESSELS THROUGH ELEVATOR AND FREE STORAGE

On the orders of the day.

Hon. H. H. STEVENS (Kootenay East): Before the orders of the day are called I should like to direct a question to the Minister of Transport (Mr. Howe), but as he is not in his seat it might be even more appropriately directed to the Prime Minister (Mr. Mackenzie King). The question I wish to ask is based upon questions that were asked previously and in a sense answered. On May 6 I placed the following questions on the order paper:

1. Has the Minister of Transport recently concluded a special agreement with the Louis Dreyfus and Company or any of its allied or subdiary companies for the handling of grain through the government elevator at Quebec?

2. If so, what are the rates charged under this special agreement? Are the rates lower than those approved by the board of grain commissioners?

3. What are the storage rates to be charged, if any?

4. Do other elevators at Sorel and Three Rivers, privately or otherwise, participate in the said agreement?

5. Were the terms of the said agreement submitted to and approved by the board of grain commissioners prior to its acceptance and completion?

6. Under the Canada Grain Act, what authority determines or approves of the schedule of rates or tariffs charged in elevators operating in Canada?

On May 11 those questions were passed as an order for return. On May 18 I received what purport to be answers, reading as follows:

1. No.

2, 3, 4 and 5. Answered by No. 1.

6. The Board of Grain Commissioners for Canada, as to the fixing of maximum charges.

The question I wish to ask is this: Will the Minister of Transport lay on the table of the house a letter which was sent by a member of the national harbours board to Mr. Kaiser of the Dreyfus Company of New York in the month of April—I have not the exact date,—together with a memorandum attached thereto, setting forth certain reduced rates for handling grain from lake vessels to the elevator at Quebec and from elevator to ocean vessels and agreeing to free storage and confirming an understanding previously arrived at?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I have no knowledge myself as to whether or not any such correspondence exists. I shall in the first instance have to speak to the minister. He would have to say what it would be proper to table. I shall have pleasure in doing that.

UNEMPLOYMENT

CONCENTRATION OF SINGLE UNEMPLOYED MEN IN VANCOUVER—OCCUPATION OF POST OFFICE BUILDING

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I should like to ask the Minister of Labour (Mr. Rogers) if he can give the house any further information with regard to the single unemployed situation in the city of Vancouver.

Hon. NORMAN McL. ROGERS (Minister of Labour): I have no further information to add to what has appeared in the press from day to day. My understanding is that the provincial government is dealing with this question as a matter of relief administration within the control of the province. I have nothing to add at this time to the statement I made some days ago.

Right Hon. R. B. BENNETT (Leader of the Opposition): While the Minister of Labour (Mr. Rogers) is dealing with this matter, perhaps he would answer a question I should like to ask. Is the floor surface of the post office building in Vancouver still occupied by single unemployed men?

[Mr. Stevens.]

Mr. ROGERS: Our latest information is that the floor of the post office building is still being occupied. However, from the beginning there has been nothing in the nature of disorder and nothing that has interfered with the transaction of public business.

Hon. H. H. STEVENS (Kootenay East): I wonder if the minister has been advised, as I was yesterday by a gentleman who came through by air, that not only is the floor of the post office being occupied but it is being used as a sort of sports field where games have been set up and so on. It is a sort of public gymnasium for these men. That is the real use to which it is being put. It strikes me that we ought to have something more than the mere answer that these men have occupied the place and that there has been no disruption of business.

Hon. W. D. EULER (Acting Postmaster General): The latest news received, and I have not had any to-day, does not bear out the rumour voiced by my hon. friend. The information we have is that strikers to the number of about five or six hundred are congregated in the lobby of the post office, but they are conducting themselves fairly well. There is no information whatever that they are conducting sports or games. However, I shall make inquiry immediately with regard to this matter.

Mr. STEVENS: There is no doubt about it.

BUSINESS OF THE HOUSE

STATEMENT OF PRIME MINISTER AS TO FURTHER LEGISLATIVE PROGRAM FOR THIS SESSION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I promised to give my right hon. friend (Mr. Bennett) and the house information concerning the remainder of the legislative program of the present session. I do not wish to be held too strictly to account in respect of the measures I am now indicating, that they include absolutely everything that will be brought down, but so far as I can see at the moment there may be some legislation growing out of the reports of committees of the house and out of the reports of the royal commissions that have been recently tabled, also of course legislation arising out of the budget. Apart from those possible measures, there will be legislation introduced with respect to low-cost and low-rental housing and to authorize loans to municipalities for self-liquidating projects; a Canadian National railways finance and guarantee act; amendments to the National Parks Act, the Judges

Act and the High Commissioner's Act, and possibly amendments to the Department of National Revenue Act and one or two other statutes.

For obvious reasons it is not possible to indicate definitely at present what legislation, if any, may be necessary as the result of the trade negotiations now being conducted in Washington.

The government has decided to acquire complete ownership of the Bank of Canada, and to pay for the outstanding shares held by the public at the average price at which shares have been sold during 1938. Legislation amending the Bank of Canada Act will be introduced accordingly.

THE BUDGET

INQUIRY AS TO PROBABLE DATE OF PRESENTATION

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): The Minister of Finance (Mr. Dunning) surely by this time, nearly the end of May, will give us some idea as to when we may get the budget. Business, I may say, is somewhat paralyzed waiting for announcements that may be of very great importance, and I think in the public interest we should have the budget at the earliest possible moment.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, I agree at once that it is in the public interest always to have the budget at the earliest possible day in the year, and I have endeavoured to follow that practice. The reason why the budget has been delayed this year is apparent to all, and I have on several occasions given information with respect to the matter. I am sorry that at this moment I cannot add to what was said the other day with reference to it. Certainly from my own point of view and the point of view of the government it is desirable that the budget should be brought down at as early a day as possible, but we do not want to prejudice the possibility of including within it what obviously would be a very important part of it, if it can be so arranged. I can only say to my right hon. friend that the government does appreciate the desirability of bringing the budget down at the earliest possible moment and is doing all that it can to expedite matters. I shall endeavour to give the house at least one week's notice.

I do not agree that the absence of the budget so far this year is causing great paralysis of business. I think that business is showing a degree of confidence in the economic policies of the country which is very gratifying indeed, and that it is standing up remarkably well in comparison with the economy of some of our neighbours.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF PENSIONS AND NATIONAL HEALTH

Miscellaneous grants—Grant to the Health League of Canada, $5,000.

Hon. C. G. POWER (Minister of Pensions and National Health): Mr. Chairman, I should explain that I am taking this item at this stage in order to give an opportunity to a number of members of the house who have intimated to me that they wish to discuss matters connected with this grant to the Health League of Canada.

Mr. HOWDEN: Mr. Chairman, the health department of the federal government came into being in the year 1919. The hub and core of the movement was the creation of a branch for the prevention of venereal disease. The startling disclosures that had been brought to light in the early part of the decade, about 1914 and 1915, caused a furore and an uneasiness of mind in medical circles generally, with the result that medical boards all over Canada, hospital authorities and a number of prominent public-minded men appealed to the federal authority for the establishment of a department of national health centering around a branch for the prevention of venereal disease.

Prior to the twentieth century the medical profession was largely helpless with regard to the diagnosis and treatment of certain forms of venereal disease, but in the early part of the century, a number of important discoveries having been made in the science of medicine, attention was drawn to this very serious feature of our social life. There is a dread malady called syphilis. In the last forty years probably no disease has received so much attention from scientists, medical men and governments. Second only perhaps to another world war in which Canada would be involved, there is no more potent menace to our country and civilization. It is a chronic progressive disease, invariably fatal if not treated, but only so after a lingering loathesome course in which the victim is a source of danger to all with whom he or she may come in contact. Being a venereal disease and propagated by natural biological process, it is passed from sex to sex, the children of such unions being usually sooner or later the unfortunate victims of blindness, loss of hearing, crippled limbs or crazed intelligence. Because it is contagious

it may be and often is innocently passed from person to person through the media of drinking cups, eating utensils, towels, etc. It has been called the great killer, and aside from heart disease, for much of which it is responsible, it is the cause of more deaths than any other single disease, not excepting cancer, tuberculosis or pneumonia. Owing to its chronic nature, a great many who suffer from it are constantly disabled from any form of work.

We have at present no intimate figures for this disease as applying to Canada. But a recent survey in the United States discloses the following facts: $34,000,000 is spent yearly in the United States for the care of the syphilitic insane, who comprise ten per cent of the total insane in the country; $10,000,000 is spent yearly for the syphilitic blind. This does not include the care of 40,000 who die yearly of heart conditions from this disease, or 160,000 who are treated yearly for syphilitic heart disease, or 500,000 new cases who apply for treatment each year. It is considered public enemy number one of American childhood, and affects 60,000 newborn infants yearly. It is the biggest single cause of stillborn children, and also the cause of many infant deaths in the first few weeks of life. One third of the children born yearly with congenital syphilis will develop partial or complete blindness if not treated. One million potential mothers have or have had syphilis, and none can be sure of having a non-syphilitic child. Most of these women are unaware of their condition until the first symptoms appear, namely blindness, a faltering heart, a stumbling gait, the birth of a still child, or the delusions of insanity. It affects twice as many women and children as tuberculosis, thirteen times as many as diphtheria, twenty-eight times as many as typhoid. Doctor Parran, surgeon general of the United States, says:

> The most urgent public health problem in this country to-day is syphilis, because: Firstly, so many people have it, and when untreated or improperly treated its results are so tragic to them and costly to the community. Secondly it is contagious, and each person who has it is a menace to his or her associates. In the majority of cases it so cripples the mind and body that death, though hastened, never comes soon enough.

Now, Mr. Speaker, syphilis can be wiped out. For consider these figures. For every hundred thousand of population there are yearly in Sweden 7 new cases, in Denmark, 20; in Great Britain, 47; in Canada, 155, and in the United States of America, 796. New or old cases now under treatment in the United States number 683,000, and for every one such there is at least one other remaining untreated. The United States, if it had adopted preventive conditions comparable to those that pertain in Sweden—fortunately it is now doing so—would have had 2,600 children born with congenital syphilis instead of 60,000. There is at present, or there was until a time ago, a bill before the United States congress which contemplated the expenditure of $3,000,000 in 1939, $6,000,000 in 1940, $12,000,000 in 1941, and $25,000,000 each year for ten years thereafter for the cure and prevention of syphilis. I understand that this bill has passed congress, but I believe that it has passed in a modified form.

This disease has probably come down to us from prehistoric times, but little was known of it until the latter part of the fifteenth century, when it appeared in epidemic form and was called the "great pox" to distinguish it from that disease to which the name smallpox was and is still applied. It was not until the middle of the nineteenth century that it was clearly distinguished from other forms of venereal disease, the common belief being that they were all manifestations of the same disease and involved a similar process; but in 1838 Ricord established definitely the cause and nature of one other form known as gonorrhoea. In 1903 Metchnikoff succeeded in transferring the disease from human beings to apes, and in 1905 Schaudinn discovered the Treponema pallidum, which is now identified as the causal agent of the disease. In 1906 Wasserman devised the method of diagnosis which bears his name, and in 1909 Ehrlich after 605 attempts, finally discovered his specific arsenical preparation which at the time was popularly known as 606.

Having now finally, after a century of fruitless search, found the cause, the means of early and sure diagnosis, and the cure for this very serious ailment, Osler entered upon an active follow-up study, and soon found that vast numbers of people, many ailing and others seemingly free from symptoms, were subjects of this disease. About 1913 it was estimated that twenty per cent of all hospitals in the United Kingdom, and ten patients per cent of all the population were infected with syphilis and that the disease killed 60,000 persons yearly in that land. A check up of the men under arms showed a large percentage of cases, and as these had to be segregated and treated it meant serious inroads into the fighting force and a great deal of trouble besides. In 1916 the Asquith government was called upon to take steps to deal with a serious national menace and the government reacted by offering to pay seventy-

five per cent of the cost of all efforts on the part of the health authorities towards the eradication of this disease.

Now we come a little closer home. As I stated a moment ago, in 1919 there was instituted in Canada the department of national health. The core of the movement centred around the branch for the prevention of venereal disease, and it was because of the startling disclosures, certainly for no other reason, that the department of national health was set up in Canada. It is not at all necessary to go through the various steps leading up to the establishment of the institution. Suffice it to say that under the Hon. Mr. Rowell this department was set on foot in the dominion, and as a corollary to the movement there was established the dominion health council, composed of the chairmen of the provincial boards of health and, I believe, the deputy minister of national health for Canada. There was other representation as well, representation of farmers and labour and of certain women's organizations. But the substance of the dominion health council consisted of the chairmen of the provincial boards of health under the chairmanship of the deputy minister of national health.

The function of the dominion health council was to advise the dominion department of national health regarding such steps as it was thought best to take for the promotion of the health of the people of Canada. A grant of $200,000 was placed at the disposal of the department, and, with the advice of the dominion health council, it was to be expended in different ways. The sum of $10,000 was to go for ordinary propaganda, advertising if you like; $10,000 was to be granted to the national council for the prevention of venereal disease, which is now the Health League of Canada. The function of the national council for the prevention of venereal disease, which organization, by the way, was composed of a number of wealthy, philanthropic and outstanding Canadians who gave freely of their time and money—much more freely than the federal government did—was to do everything possible to stamp out and prevent the spread of this ravaging disease.

This money was to be placed at the disposal of the health departments of the provinces to be spent by them dollar for dollar in the prevention of venereal disease. The provinces readily took hold—Ontario, Quebec, Manitoba, British Columbia and Saskatchewan; I fancy they all did. In a very short time there was a noticeable improvement. The percentage of syphilitic cases in the hospitals all over Canada, about ten per cent—because it became the routine practice to examine cases entering hospitals—rapidly fell, and this program was followed for several years. Unfortunately, after two or three years the grant was reduced and—I need not go into details—in 1932 it was wiped out altogether. Not only that, but the branch for the prevention of venereal disease was eliminated, discarded from the department of national health, along with some very desirable branches of the department; and although the provinces made representations from time to time and pleaded with the dominion government for the reinstitution of the whole program which had been established in 1919, the plea received very little consideration. The grant has never been restored and the provinces have never since got any assistance. One can easily realize that the activities of the provincial health departments have been materially curtailed in this respect, particularly in the poorer provinces such as those in the west and perhaps to some extent the maritimes.

I am making these remarks in connection with a proposed grant to the Health League of Canada. I can assure you, Mr. Chairman, that this organization is the agent that has kept interest alive in this matter. At one time it received a grant of as much as $20,000 from the dominion department of health. In 1933 it got nothing; in 1934 it got $5,000, and it has received $5,000 ever since. I will not say that I hold no brief for the league, because I do. Indeed, my remarks now are intended in the first place to stimulate the government to a realization of its responsibility so that it may make a reasonably fair grant to this organization, because no one can challenge the fact that the organization has been most useful not only in this particular branch of national health but in every other branch in connection with all forms of sickness. I should like to read a list of its activities. It publishes a quarterly magazine called Health—many of you no doubt have seen it—with a minimum distribution of 10,000 copies. It distributes monthly a bulletin called Canada's Health News, with an initial circulation of 10,000 copies. It broadcasts weekly over thirty-eight stations stretching from coast to coast. It sends out four news releases a week to every paper in Canada, some in French. It distributes cancer articles in French and English to 350 papers weekly. Recently 110 municipalities have appointed two representatives each to the council of the league. Affiliations have been promoted with a number of national associations. A national committee on venereal disease is active. A committee on periodic health examination is

promoting a specific scheme for an annual membership, including periodic health examination. A national committee on milk pasteurization has been appointed. After all the only safe milk is pasteurized milk. The only way to get ahead of undulant fever and tuberculosis and be sure they are stamped out is by positively pasteurizing the milk. It does not hurt the milk; pasteurized milk is just as sweet and just as wholesome as unpasteurized. I am not holding any brief for the creameries which distribute milk but as a medical man I believe very definitely that if we seek the best interests and the preservation of the health of our growing children we should insist on pasteurized milk and see that no other kind comes into our homes.

A parliamentary committee on health, consisting of thirty members of the Senate and House of Commons, has been organized by the league. And there are many other activities.

There is probably nothing more important to the people of Canada than their health. I am not going back over the old ground; I have discussed it here a number of times. The most important and vital thing to Canadians is good health. I have some figures here. I find in the vital statistics report for 1935, table No. 29, that there were 392 new admissions for general paralysis of the insane, which is one form of syphilitic insanity. A letter from the British Columbia health department estimates that the average cost to that province of one of these cases is $3,000 a year. This means that if 392 new cases are admitted to mental institutions in Canada yearly, and if these cases cost $3,000 each, the syphilitic insane cost this country $1,176,000 a year. In a letter from the province of Ontario I find that in the year ended March 31, 1936, of a total of 14,142 patients in residence, 542 were cases of general paralysis of the insane, and 17 of cerebro-spinal syphilis, 449 cases in all. If these represent an average daily cost of only $1, which is absurdly low, the cost of both of these diseases in Ontario comes to $450 a day or $164,250 a year. For the whole dominion it would be roughly three times that, or $492,750.

I think I need not say much more. Consideration of these facts leads to but one conclusion. It is not a thing this country can afford to play with. What we want in Canada is a reestablishment of this whole health program which has been slighted and pushed to one side. If we do not get leadership from the federal department of health, what are we to expect from the provinces? This is the central authority, the authority which has the power to institute any regulations.

Mr. McIVOR: And the money.

Mr. HOWDEN: And they have the money; I said the power. I appeal to the minister and to the government and to the Canadian people to see to it that these matters are not neglected, but that we have a live and active health department in Canada which will oversee and assist the excellent work of the provinces. I recently received a letter from the Superior of the St. Boniface hospital, which is in the city of St. Boniface, in greater Winnipeg, and is of equal extent and excellence to the Winnipeg General hospital. It long since received a first class certificate from the American College of Surgeons. When the grant was cut so that the provincial board of health had to contract its activities in regard to this venereal disease question an arrangement was made with St. Boniface hospital to carry on the work. The communication I received from the Superior stated that it is becoming necessary to erect another edifice, partly to accommodate this branch of medicine so as to have it isolated from the hospital at large; and this wing will cost $140,000. Without taking further time I commend this matter to the careful consideration of the Minister of Pensions and National Health, to take such action as seems good to him.

Mr. WOODSWORTH: My speech on this subject I think might be reduced to one word. As the committee has listened to the speech of the hon. member for St. Boniface (Mr. Howden) I think a number of hon. members have wanted simply to say "ditto." I do not believe any good purpose would be served in attempting to cover the ground once more. I note that under item 246 there is a grant of $5,000 to the Health League of Canada, while under item 560 there is a grant to the French Language Medical Association of North America of $5,000. I presume a large portion of the latter vote would be spent in a jamboree, and following the night there might be "the morning after." That would be the end of the $5,000. In contrast with that for the $5,000 given to the Health League of Canada a service is rendered extending through 365 days of the year.

It is almost an insult for the dominion parliament to give a pitiably small amount like this for such a purpose. It may be said that the Health League of Canada is a private institution, and I can understand it might be the policy of the government not

to make grants to private institutions. Personally I should like to see the time come when the dominion government would assume full responsibility. But as matters now stand, the burden of educational work for public health must be carried on by a private agency such as this.

I do think it is very strange that if the government wishes to avoid its own responsibility it should be permitted to do so by simply turning over the pitiably small sum of $5,000, when a similar amount is voted by the same department for one night's entertainment here in Canada of what is essentially a foreign association. Or, using another comparison, the amount is equivalent to the yearly annuity as voted last night to the minister plenipotentiary in France.

The amount is too small. I believe this is one instance where the great masses of the Canadian people would support the government in a liberal grant. Then, we may consider item 559, where $50,000 is given to combat venereal disease. That may seem a substantial grant, but I notice according to yesterday's newspaper that the United States federal government voted $15,000,000 for federal aid in eradicating venereal disease. While our population is only one-tenth as great, why could we not give one-tenth the sum given in the United States, instead of a miserable $50,000?

It seems to me that we fail to keep our sense of proportion in these matters. To most of us $50,000 would seem a fairly large sum; but we can vote millions on occasions. We have no hesitation in voting large sums of money for the purpose of making preparations for war, but in connection with a dread disease which was greatly increased as an aftermath of the war we find it very difficult to get the government to do very much.

The other evening the hon. member for Greenwood (Mr. Massey) gave an interesting description of conditions existing in Denmark, showing how in that country great care is taken of the health of cows and hogs. In fact even in Canada we do something for our animals.

Mr. SPENCE: In a large way, too.

Mr. WOODSWORTH: Yes; the amounts we have been passing in the last few weeks would make large totals. I say if we can vote moneys for the health of cows, hogs and horses, why can we not do the same for human beings? I cannot understand the continuation of such an anomalous situation.

I shall not supplement to any extent the figures given by the hon. member for St. Boniface.

Mr. WOOD: Does not the health of cows have some relation to the health of human beings in Canada?

Mr. WOODSWORTH: I am sympathetic towards giving moneys for the health of cows, and I have no doubt that if the cows are kept in good health it may help to keep human beings that way. But we are giving a large amount of money to promote the health of animals and fail to give anything like a corresponding amount to combat directly human diseases. That is my point. These ought we to have done and not to have left the others undone—if you like to put it that way.

I believe it was the Health League of Canada which published figures showing that two per cent of our population, or 200,000 persons, are constantly ill, and at an annual cost of about $300,000,000. I submit that small amounts such as $50,000 for serums to combat venereal disease, or $5,000 for educational work such as is carried out by the Health League of Canada, are altogether too small, and should be materially increased.

Very frequently when matters of this kind are raised we are faced with the constitution, but I do not think in the present instance anybody has suggested that to deal with these matters is beyond the power of the dominion government. So far as I know the constitutional question has not yet been raised. I see the Minister of Finance looking at me; I do hope he will not attempt to raise any question of that kind.

Mr. DUNNING: Why pick on me?

Mr. WOODSWORTH: Well, the Minister of Finance might be thought to be holding down costs. I find when there is any disinclination to go farther in accepting greater responsibilities, almost invariably the British North America Act is trotted out. In the present instance however I believe that has not been done.

I believe the evidence already given before the Rowell commission, as published in the press—if I may be permitted to refer to it—amply demonstrates that to-day it is the dominion government which has the financial resources, and that many of the provinces are in a rather bad way. If we are to do this work on an extensive scale I believe we should look to the dominion government to assume a very considerable proportion of the cost, and to give a lead to the provinces.

Mr. McIVOR: I should like to say only a few brief words in support of the vote. My only criticism is that not enough money is being voted; the cause is worthy of a far

greater expenditure. I believe more survey work should be done, because from the Atlantic to the Pacific hundreds of our men, women and children need medical attention. Prevention is better than cure, and I hope that next year when the vote is placed before the committee—if not this year—a great deal more money will be provided. The Health League of Canada deserves support. Certainly it is receiving very fine leadership from Doctor Bates who is giving his time to the work.

Mr. SPENCE: I endorse all that has been said by the hon. member for Winnipeg North Centre (Mr. Woodsworth), and the hon. member for St. Boniface (Mr. Howden), who for many years has taken a deep interest in the matter. He has made a splendid presentation of this particular case. I do not imagine that anything we can do in this committee will increase the vote and I do not believe any one here will vote against this item. The amount to be granted is $5,000, but I regret that it is not $50,000. This Health League of Canada are doing a splendid work. I know what they are doing, because I have been associated with them for some time. I know the sacrifice that Doctor Bates has made in continuing to act as the head of the league. If you want to empty the asylums of this country you must do more preventive work in connection with disease. Our asylums are filled with people who are there because of a disease which is mentioned quite often in this house. I was a member of the city council of Toronto between 1910 and 1916 and for a time served as chairman of the property committee. I can remember going with the medical health officer to visit the isolation hospital. At that time there were between three and four hundred patients in that hospital with scarlet fever, diphtheria and other diseases. As a result of the work carried on by the Health League of Canada and of other measures adopted, there is not one patient in the isolation hospital of Toronto. This has saved the city of Toronto considerable money.

I think the country at large should make greater contributions for this purpose and I hope that next year this vote will be ten times what it is this year. We should vote more money for the saving of the lives of people as well as the saving of the lives of animals. I do not oppose any grant made in connection with the health of animals work, because it is just as necessary as this. The other night I happened to listen to a conversation between a number of doctors and veterinary surgeons and Doctor Bates, the head of this health league, and I got an ear-full of what is happening in connection with the health of animals. I do not care how much is spent for that work or for this purpose, because it will save the country money in the end.

Mr. McCANN: Mr. Chairman, I should like to concur in the observations which have been made by the hon. member for St. Boniface (Mr. Howden) and my professional colleague. It is my belief that those who are interested in public health will have to impress upon the governments that old adage as to being penny wise and pound foolish. I do not think I could find a better illustration in support of that contention than this present vote. Looking down this page I see a grant of $5,000 to the Health League of Canada, a grant of $18,000 to the Canadian National Institute for the Blind, a grant of $4,050 to the Montreal Association for the Blind, and so on. Several appropriations are being made for institutions and organizations interested in the curative side of medicine. When one considers that a great deal of the disease that human flesh is heir to is preventable, it should be our object to try to impress upon those who have to do with government that if more money is spent in preventive medicine, less will be required in after years for curative medicine.

I hold no brief for the Health League of Canada any more than I do for any other voluntary agency that is attempting to carry on the work of preventive medicine by education. Disease in itself is a national question. The methods of control vary very little from coast to coast. Over the years it is seldom that a vote is altered because of any argument for or against, so perhaps we cannot hope to accomplish very much for the Health League of Canada in the way of increasing the grant being made this year. However, we may be able to lay the foundation for increased grants in the future.

The Health League of Canada, like other organizations, is a national voluntary association, the function of which is the education of the public on the need for promoting health conservation measures to the end that sickness and death rates may be reduced and the health standard raised as high as possible. In the brief submitted by the Health League of Canada to the Rowell commission they state that their formal aims and objects, among others, are to undertake such measures as may be considered desirable to promote personal and community health and the control and elimination of communicable diseases. Let me just digress here to say that the record of

the Health League of Canada with reference to the control and elimination of communicable diseases has been an excellent one. The work they have done in this country in connection with diphtheria is one of the outstanding accomplishments in public health work in this or any other country. As a result of toxoid treatment and education along preventive lines, there has not been a single case of diphtheria in the past five years in five cities with an aggregate population of 800,000.

Another one of their formal objects is to cooperate with governments and with the medical, nursing and dental professions and with other associations for furthering the objects of the league. Another object is to promote, organize and assist provincial, local or other branch leagues, associations or organizations having objects altogether or in part similar to those of the league, and whether auxiliary to or independent of the league, and whether incorporated or unincorporated, and to prevent such branch leagues, associations or organizations from designating themselves by names indicating connection with the league without thereby becoming liable for the obligations of such branch leagues, associations or organizations. Another object is to raise funds as provided in the by-laws of the league for the proper carrying out of the objects of the league, and to expend the money so raised in the furtherance of its objects and out of said funds to establish or contribute to any trusts for the carrying out of said objects.

Another aim is to adopt such means of making known the work and operations of the league as may seem expedient, and in particular by advertising in the papers, by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals and by granting prizes, rewards and donations. In that particular connection, they have put out a cinema entitled Damaged Lives. This has been shown throughout the world to over 5,000,000 people. As a result of the showing of that picture more people have been put upon their guard against a particular type of specific disease and have used preventive measures than could have been convinced by any other method of propaganda.

The affairs of the Health League of Canada are conducted by a board of directors which includes in its membership lay and medical members from all the provinces. The council of the league includes representatives of other associations, appointed members, and representatives of one hundred and ten municipalities. It has branches in Toronto, Ottawa, Winnipeg, Vancouver and in various small cities. Public health education is carried on by means of press releases to most Canadian newspapers and weekly radio broadcasts over thirty-eight Canadian stations, the widespread dissemination of educational literature and the use of motion pictures. As one of the former speakers has said, it publishes a magazine called Health, with a circulation of ten thousand. I shall not repeat what has been already said with reference to its organization in 1920, or what has been said with respect to the work which it has carried on, particularly with reference to venereal diseases.

The whole thing boils down to this: whether or not the government of this country recognize the fact that it is good economic policy to spend money on preventable diseases; or do they wish to wait until such time as people are afflicted and then have to spend much more money on their housing and treatment? It has been already pointed out how great is the economic loss, what it costs for hospitalization, and what it costs in terms of the number of days and working hours lost by those who are sick.

With reference to the venereal disease part of the problem I think I can do no better than to read part of an editorial which appeared in Saturday Night of a few weeks ago, as follows:

> The last twenty-five years of the history of Canada have been years of substantial progress. Not the least notable in the items of this progress have been the advances made in the control of certain diseases to which humanity is subject. Typhoid fever, diphtheria and infantile complaints have to a great extent disappeared. Milk-borne epidemics have become, with the spread of the practice of pasteurization, much less common. Perhaps the most remarkable of the advances in disease control are the reductions of tuberculosis mortality and of the incidence of the venereal diseases. A recent report of one of our large life insurance companies, discussing these advances, remarks that they are all the more remarkable in that they occurred during the period of the greatest war in history, in the face of the most frightful epidemic of modern times, and in spite of the severest period of depression known to the world.
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> The venereal diseases are a blot on civilization. One distinguished writer, referring to the prevalence of syphilis in the United States, calls this affection "A Shadow on the Land." It is indeed a shadow, particularly in a country of 120 millions which is said to have half a million new cases each year.
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> Fortunately prompt action on the part of the provinces and the dominion, some years ago, sufficed to exempt Canada, to a considerable degree, from the shadow referred to. During the early days of the great war, when the people of Canada were worried among other things by the rumours that our young men in the army were threatened by the venereal diseases, investigation here and abroad showed that there were, proportionately more cases of syphilis and gonorrhoea in the home population

than in the overseas Canadian army. This startling revelation was augmented by evidence produced by the Canadian Social Hygiene Council, the leader in the movement (supported by medical health officers and various public bodies) to have the venereal disease problem attacked vigorously. The result was that the dominion government assisted the Canadian Social Hygiene Council (now the Health League of Canada) financially in order to continue its educational work. It also supplemented the provincial appropriations for venereal disease treatment and supervision by substantial grants in aid, with the result that some hundred clinics for treatment were established throughout the country. The necessary drugs were provided, social services created and specialist clinicians appointed. Up to 1937 more than 500,000 persons had received treatment. The effect of all this served to reduce the admission rates of many hospitals for these diseases very materially, in some instances in the case of syphilis by as much as 80 to 90 per cent.

In the year 1931 the Dominion Health Council, representing the departments of health of all the provinces, recommended to the dominion government that the existing plan be extended and grants increased. In spite of this recommendation the then government abolished the division of venereal diseases in the dominion department of health and withdrew the grants to the provinces and to the Canadian Social Hygiene Council. Since then only a fraction of the grant to the voluntary association has been restored.

In view of the fine work accomplished previously and of the urgent need for continuous action if these most sinister of menaces to human life and happiness are to be kept under control, a large deputation visited the dominion minister of health in January and asked that the scheme be restored. Already the Canadian Medical Association, the Canadian Public Health Association, the Ontario Health Officers Association, the National Council of Women, and the Dominion Health Council, have approved the scheme.

It goes on to say that federal aid in this field should be reinaugurated without delay.

This grant of $5,000 is but a fleabite compared with what it should be to handle such a serious problem. The government of this country could well take into consideration the reestablishment in the department of national health of a division of venereal diseases, because money that is expended now in preventive medicine will in the years to come save a great deal of money. Let me give an illustration. A year or so ago, there were 394 cases of what is known as general paresis of the insane. That is due one hundred per cent to the specific disease of syphilis; there is no question about it among the medical men in this country. It costs approximately $3,000 per person to keep those afflicted with this disease, which is usually fatal, and there we have a cost of $1,200,000 for a preventable disease among 394 persons who probably could have been cured at an expenditure of ten to twenty dollars apiece. The thing is that clinics should be available to these people, who are ignorant of the modes of infection and who have not the facilities for private treatment, where the disease could be diagnosed and advice and proper therapeutic treatment given. I submit, Mr. Chairman, that this division should be reestablished.

I am not unaware of the fact that there is in the supplementary estimates another appropriation of $50,000 for the purpose of paying for arsenical treatment in the different provinces. It is not my purpose to discuss that at this particular time, because it may be discussed when the item is before us, but lest I may not be here at that time I should like to suggest to the minister that that appropriation be not confined entirely to that one particular type of treatment, because many are treated by means of mercury and bismuth and other therapeutic agents. If the appropriation definitely specifies that it is to be for one particular line of treatment, the department of health is becoming the doctor instead of the donor.

I should like to say a word with reference to government aid to these voluntary agencies that are doing splendid work throughout Canada for the public health. Of these, the Health League of Canada stands among the foremost. The grant to that body could well be increased another ten or fifteen thousand dollars. My policy with reference to grants to voluntary agencies would be to give them money to help them along, to stimulate their work until such time as it became too much for them, and then it would be taken over by a government agency. The government must be alive to the responsibility which it has to the people as regards the care of their health. It was Disraeli who said that the public health of the country was the first charge upon any ministry. As we become more cognizant of that fact and more fully seized of our responsibilities, the jurisdiction of the federal department of public health will extend over an ever-widening sphere.

Let me commend the minister for having increased the scope of the activities of the public health department. It is indeed gratifying to medical men and to organized medicine throughout the country to know that there has been reinstituted a division of maternal and child welfare, that industrial hygiene has become a distinct activity, that there is a branch devoted to epidemiology, and a general extension of those public health activities which the people and the medical profession have demanded and to which they are entitled. I support this grant of $5,000 to the Health

League of Canada, and I hope that between this session and the next the minister and his aides may be so impressed with the advantages of the work which has been done by the health league and with their own responsibility to the country that they will either set up within the department a division of venereal disease or increase their grant to the league.

Mrs. BLACK: I have listened with a great deal of interest to the remarks of the two hon. members who belong to the medical profession. There is no woman in Canada who is not and should not be interested in the prevention of disease of all kinds. We are the ones who see the trouble, the sickness and the misery which ill health brings to the home. We must give a great deal of credit to a private organization, the Health League of Canada, which has worked so hard in bringing this matter before the government. I should like to suggest to the Minister of Pensions and National Health (Mr. Power) that he continue to exercise his well-known charm on the keeper of the purse-strings so that another session the grant, instead of being $5,000, will be $50,000.

As I look back over the years of the great war, I am appalled at the realization that preventive treatment was carried on to such a large scale during war time only. No money was spared. There were stations established where men and boys were taught to take care of themselves. Men were vaccinated and were given serums for tetanus and for typhoid fever. When I was in the munition areas of northern England I was vaccinated, given a shot in the chest for tetanus and also a serum for typhoid fever, because there was always danger of contagion. If we spend so much money in order that our men may be healthy to be killed, why should we not bring that lesson home and spend money that our men, our boys and our families may be kept healthy for the citizenship service we need so much at the present time?

It was interesting to me, when I read the pamphlets of the Health League of Canada, to note that the province of Quebec was the first province in Canada to establish a health unit. It is true that they received from the Rockefeller institute half the moneys they had to expend; the other half was divided between the provincial and municipal governments. If one province can do that, surely every province in Canada can do more and more in cooperation with the federal government. Lately in Ontario a law for the pasteurization of milk was passed, to be effective at the end of six months. That will be helpful to the young people of our country. I know full well the effects of bovine tuberculosis. Over fifty years ago my father was on the board of regents of one of the state universities. The government of the United States sent out a young man who was perhaps ahead of his time; he was convinced that bovine tuberculosis was an established fact. Other members of the board of regents laughed at the idea of a cow having "consumption," as they called it then, but my father talked and reasoned with them. The herds were largely Jerseys and Alderneys, with some Holsteins. Finally my father said, "I will promise to pay twice the value of every cow killed which is not tubercular." The regulation went through, cow after cow was killed, and the herd was found to be horribly infected with tubercular trouble. In that state, I am told, bovine tuberculosis now is practically a thing of the past. The beginning of the change occurred over fifty years ago.

As human beings we move very slowly in protective measures until it is too late. Surely we must realize now that we do not want our growing boys and girls to be rickety, blind, deaf or dumb; we want magnificent healthy specimens, not because we are going to send them to war but because they will be the backbone of this country in the future; they will be our support as well as our care, they will be the future members of this house, in time of peace. Again I suggest to the minister that he look to the Minister of Finance, who perhaps is not as hard-hearted as some of us judge him to be, and next year he may loosen the purse-strings just a little.

Mr. BLACKMORE: I assure the minister that in all steps towards increasing the allotment for the prevention of disease and the amelioration of disease conditions in the country he will have the complete and unqualified support of all the people of the social credit movement; for it is characteristic and fundamental with the social credit movement that human values come first.

Item agreed to.

Health Branch—Venereal diseases—For the distribution of arsenicals to the provinces on the basis of population and the number of treatments and subject to an undertaking that the provinces will not curtail their venereal diseases expenditures, $50,000.

Mr. POWER: This is a proposal on the part of the government to renew the assistance, which was interrupted in 1931, to provincial governments in their work to combat venereal disease.

As has already been explained, beginning in 1919 and down through the years until 1931 the federal government contributed to the provinces amounts running from $100,000

annually to $200,000, and besides that it made certain special contributions to the Health League of Canada. In all, the amount contributed in order to inaugurate the campaign for fighting venereal disease was approximately $1,900,000, the theory being that if the federal government would contribute certain large sums both to the provinces and to voluntary organizations, the provinces and the public generally would be stimulated to undertake the work of fighting venereal disease. For reasons which it is not for me to discuss, in 1931 the government of the day decided that one way of economizing in this country was to cut out the grant made to the provinces for fighting venereal disease and also to abolish the grant made to the Canadian social hygiene council, now known as the Health League of Canada. Since that time, in 1934, I believe, the grant has been renewed to the Health League of Canada and it is only this year that we are returning to the system of assisting the provinces in their anti-venereal work, and we are doing so not by contribution. For some reason or other a great many of the provinces are rather averse to receiving contributions from us, and there have been objections in this house time and again to grants in aid on a straight contributory basis. It is very difficult to maintain control, and the leadership that everyone has been talking about does not remain so clearly in the hands of this federal department of health.

Last year we created a new division of epidemiology whose duty it is to work on this very disease as well as on others, and we also created a division of publicity, whose duty it will be to do most of the work carried on by the private agency. The division of publicity together with the division of epidemiology will give the federal department of health an opportunity to develop that leadership which has been talked about so much. We are proposing this year, not to act as doctors or to give prescriptions to the provinces, but to furnish them up to a certain point with the drug which is most expensive and which is most in use, I am informed, in the treatment of syphilis. We know that there are other drugs such as mercury, bismuth and one other the name of which escapes me. These also are of some use, but I am informed that the arsenicals are more important and they cost more.

Before coming to the house with this proposal to distribute arsenicals on the basis of population and the number of treatments we consulted the provinces to ascertain exactly the number of treatments that had been given in each of them and what amount of money was expended in connection therewith. I find that the amount spent in connection with the giving of arsenicals in the various provinces was $63,478.

Mr. HANSON: Has the minister got that by provinces?

Mr. POWER: I have it by provinces, but I have reason to believe that perhaps the figures are not exactly accurate in so far as they relate to British Columbia. Either the telegram sent by the department to the department in British Columbia was misunderstood, or else there is some error in the figures. It would appear that British Columbia spent on arsenicals in the past year $15,050. The expenditures in the other provinces were: Alberta, $1,900; Saskatchewan, $2,600; Manitoba, $3,423; Ontario, $16,000; Quebec, $20,000; New Brunswick, $1,000; Nova Scotia, $2,300; Prince Edward Island, $1,205. There would seem to be an error with respect to British Columbia because I find that in that province there are only two clinics and they spent $15,000 whereas in Ontario there are nineteen clinics and the expenditure is $16,000; and in Quebec twenty-two clinics with an expenditure of $20,000. Moreover, the population of Ontario, wherein $16,000 was spent, is about seven times that of British Columbia where $15,000 was spent; and with all due respect to the opinion that there are a large number of transients going through British Columbia I hardly think that that would account for the discrepancy in the figures. However, $63,000 was the amount spent in the whole of Canada for arsenicals.

Mr. GREEN: Perhaps the work in British Columbia has been developed further than in the other provinces.

Mr. POWER: I am informed that that is not so. It is developed to a greater extent in Ontario and Quebec.

Mr. HANSON: Will the minister give the number of cases in each province?

Mr. POWER: The division for the ensuing year, 1938-39, as between the provinces will be on the basis of population combined with the number of treatments for syphilis during the year 1936, which is the last available year. These are the treatments in the various provinces in 1936:

Prince Edward Island	809
Nova Scotia	7,904
New Brunswick	16,024
Quebec	112,161
Ontario	92,656
Manitoba	12,800
Saskatchewan	10,414
Alberta	26,070
British Columbia	16,907

Of course, division on the basis of population works along the same lines. The total of treatments for 1936 in the whole of Canada was 296,408.

Mr. McNIVEN: Is that for all types of venereal disease?

Mr. POWER: No, only syphilis. It is proposed under this vote to deal only with syphilis. The arsenicals supplied to the provinces under this vote are not those generally speaking, utilized in other types of venereal disease.

I might say a word with respect to observations which have been made on the vote which has just passed. I want to thank the hon. member for St. Boniface (Mr. Howden) for the history he gave of the movement to combat venereal disease in this country, and for the earnestness with which he attacks what is undoubtedly one of the most important health problems we have to face. The hon. member for Renfrew South (Mr. McCann) also explained his view, a view which, without having any technical knowledge, I am inclined to share; the common sense view, if I may so call it, that the most important function of this department is prevention—the endeavour to prevent the onset or spread of disease. I think I can make a broad distinction between the functions of the federal and the provincial departments of health. I would say the federal department should be concerned primarily with means of prevention, whereas the provincial departments, while also having to do with prevention, should perhaps have more to do with the curative side of the work.

The hon. member for St. Boniface will perhaps permit me to differ from him with respect to the underlying purpose, or as he put it, the "hub" of the department of health. I am not prepared to agree that the department was formed for the purpose of fighting venereal disease. Away back to the days of confederation there has been some semblance of a department of health, some of the work of such a department carried on. The Department of Agriculture looked after quarantine and food and drugs. The Department of Finance was in charge of conservation, which included the conservation of health and the control of tuberculosis. In 1919 the department of health was formed to take over quarantine, food and drugs, narcotics, proprietary and patent medicines, and three or four other branches. It was not entirely the result of a desire of the people of Canada to do further work in connection with venereal disease. But in 1919 or a few years prior thereto there was a fear throughout Canada, as in some other countries which had taken part in the great war, that as a result of the exposure of the soldiers to venereal infection during the war this class of disease would be broadcast throughout the civilian population, with disastrous consequences. I am happy, both as a soldier and as minister of health, to be able to say, that as far as the Canadian army is concerned the health of the Canadian troops during the war was far better than was the health of the civilian population in Canada. Only 12,000 out of 600,000 soldiers were infected by syphilis. And we have been able since the war to keep statistics in the department of national health which are perhaps as accurate as any to be found elsewhere in the world. We have been able to follow to a considerable extent the men who, even before enlistment, were infected with venereal disease, and particularly syphilis, because a great many of those who were so infected before enlistment are now our pensioners. We have made special studies in the sequelæ of this disease and I am happy to say that the fears of those who thought that the disease would spread to an almost unlimited extent among the general population of Canada following the war have not been realized. Only 6·5 per cent of those infected have shown signs of sequelæ, and only half of the 6·5 are found to have become neurological. Doctor Burke of the Department of Pensions and Doctor Margaret Parkes have made studies, not complete as yet but fairly comprehensive, of these diseases and the consequences which have followed from them. It is a matter of pride for anyone associated with the Canadian army, and those who were associated with the Canadian army medical service particularly, that the treatment given during the war had such good results.

The hon. member for St. Boniface quoted a number of figures. I think he will agree that statistics are not entirely to be depended upon—although I have just been quoting some—and particularly statistics with reference to diseases of this kind. For obvious reasons it is almost impossible to obtain accurate figures respecting venereal disease. The experience of Sweden was quoted. I have here some notes concerning Sweden. The venereal disease campaign has been conducted there since 1918. We started ours in 1919. It has been carried on there in very much the same way as Canada's campaign was carried on prior to 1931. It comprises free medical treatment for all persons suffering from venereal disease, both in clinics and by physicians specially trained in the treatment of venereal diseases; compulsory notification and compulsory treatment; penal

legislation to control infection of others, both directly and indirectly; financial contributions by the central government to the local public health authorities. Sweden claims that on the whole the results were favourable of the legislation dealing with compulsory notification and so on. Canada I am afraid will not find it so satisfactory. All the provinces shortly after 1919 placed on their statute books legislation of varying degrees of severity in order to prevent the spread of venereal disease. I am informed that, although there have been prosecutions and even convictions in certain provinces, the law has to a large extent become a dead letter. The law with respect to compulsory notification has not been carried out to anything like the full extent. The law with respect to compulsory treatment is largely confined now to those who come before the criminal courts or who are in penal institutions. Outside of that these Draconian laws passed in 1919 are to a considerable extent a dead letter. However, Sweden I believe found very much the same results from their campaign as have been found in Canada. I do not wish to take time to give all the details with respect to Sweden and comparisons of their experience with that of Canada; suffice it to say that apparently the results were about the same. Perhaps Sweden is more proud of it than is Canada, particularly since, as has often been repeated, the Canadian government gave up the work in 1931.

I have here a statement showing the number of admissions for syphilis reported at clinics in the five year period between 1932 and 1936. The figures are as follows for all Canada:

1932	9,730
1933	9,408
1934	7,178
1935	6,241
1936	5,832

There was a considerable drop in the number of new admissions for syphilis during that period.

The same results were perhaps not attained with respect to gonorrhoea, where there has not been the same decrease in new admissions to hospitals. During the course of the discussion much was made of the influence of syphilis on the state of the mind, and the number of persons suffering from venereal diseases who afterwards became the inmates of mental institutions. Whilst I am not at all prepared to contradict any of the figures which have been given, perhaps it would be interesting to note the figures I have received from the bureau of statistics for the year 1936. These figures are given for all Canada.

[Mr. Power.]

The total number of first admissions to mental hospitals from 1932 to 1935 inclusive was 6,932. Of these there were 392 cases of general paralysis from syphilis, and 17 attributable to cerebral syphilis, making a total of 409. That is a percentage of 5·9 of all admissions. During the same period 7·4 per cent of the patients in mental hospitals died from general paralysis, and 0·7 per cent from cerebral syphilis. These appear to be the figures given by the bureau of statistics. I am told that the discharges from recoveries in mental cases from mental hospitals using modern methods reach as high as fifty per cent.

Mr. McCANN: Is the minister including all cases which have arisen as a result of syphilis?

Mr. POWER: Yes, all cases. The fifty per cent covers all cases, including those resulting from syphilis.

Some time ago when the house was discussing statements the hon. member for Winnipeg North Centre read from a book entitled Social Work and Legislation in Sweden, and detailed a lengthy list of services which had been carried on in that country. His suggestion was that we should do something similar in Canada, and he was very critical of the government and of the department because the work had not been done. Again this afternoon he referred to Sweden.

During the course of the earlier debate to which I have referred I did not have the time to discuss conditions in Sweden or what Sweden has been doing along social lines, as compared with Canada. But in order to show that Canada is doing a great deal in the way of health legislation it might be well to put certain figures on Hansard. When we speak about work in Canada towards the advancement of health we do not necessarily refer only to the federal government. It carries on only a very small portion of the work. A great many people believe there is some overlapping, and that we should do none of it.

In the following table I shall set out the figures for Sweden and Canada in connection with certain social work, where the suggestion had been made that Sweden is far ahead of us.

Sweden: Accident insurance, 2,400,000 kronor or $600,000 or 9 cents per capita.

Canada: Accident insurance (workmen's compensation), $13,380,000 or $1.20 per capita.

Sweden: Sickness insurance, 13,000,000 kronor or $3,250,000 or 50 cents per capita.

Canada: Sickness insurance—Nil.

Sweden: Pension insurance, 55,900,000 kronor or $13,975,000 or $2.15 per capita.

Canada: Soldiers pensions, $47,786,123.51—42 cents per capita.
Old age pensions, $21,520,302.66—$1.95 per capita.
Total—$69,306,426.17 or $2.37 per capita.
(Widows' pensions and superannuation of civil servants not included.)

Sweden: Assistance to blind, 1,700,000 kronor or $425,000 or 6 cents per capita.

Canada: Pensions to blind—Nil—Act not passed until 1936.

Sweden: Poor relief and child welfare, 3,700,000 kronor or $925,000 or 14 cents per capita.

Canada: Charitable and benevolent institutions —(These include homes for adults and children, orphanages, children's aid societies, juvenile immigration societies, institutes for the deaf, dumb and blind and day nurseries), $9,120,593 or 82 cents per capita.

Sweden: Workers' protection, labour exchanges, social board, etc., 2,600,000 kronor or $650,000 or 10 cents per capita.

Canada: Workers' protection, labour exchanges, etc.—No figures available.

Sweden: Unemployment (including unemployment insurance), 54,200,000 kronor or $13,550,000 or $2.08 per capita.

Canada: No insurance—unemployment relief cost dominion government alone, $50,201,000 or $4.56 per capita.

Sweden: Public health and care of the sick, 38,300,000 kronor or $9,575,000 or $1.40 per capita.

Canada: Public health, $7,000,000—66 cents per capita.
Hospitalization of sick, $46,500,000—$4.15 per capita.
Hospitalization of mental cases, $10,938,882—$1 per capita.
Total of health and hospitalization, $64,438,882 or $5.81 per capita.

Sweden: Reformatories (care of vagrants and inebriates, 1,900,000 kronor or $475,000 or 7 cents per capita.

Canada: Penal institutions (dominion, provincial and municipal), $4,921,641 or 44 cents per capita.

Sweden: Other social purposes, 4,100,000 kronor or $1,025,000 or 16 cents per capita.

Canada: Expenditures of voluntary organizations, $1,818,279.02.
Dominion grants to voluntary organizations, $102,200.
Total—(calendar year 1937), $1,920,479.02 or 17 cents per capita.

Sweden: Cost of living bonuses, petty expenses, etc., 2,200,000 kronor or $550,000 or 8 cents per capita.

Canada: Cost of living bonuses, etc.—Nil.

Total expenditure Sweden—180,000,000 kronor or $45,000,000.

Total expenditure Canada—$213,289,021.19.

Summary: The above figures do not represent the total expenditures for health and social services in Sweden and Canada. The total figures for Sweden in the year 1932-33 are given as 350,000,000 kronor or $87,500,000 —a per capita expenditure of $11.85. The figures shown above for Canada, namely, $213,289,021.19—a per capita expenditure of $15.37 —do not cover exactly the same services as those indicated for Sweden, but serve only for the purpose of rough comparison.

So that taking Canada by and large, it would seem that we do a great deal for health. I would be the last to say that we should not enlarge our services, and the last to say that I would not like to have a great many millions of dollars to spend on health services in Canada. There are other diseases which must be considered and which must receive the attention of the federal parliament and the legislatures. The total number of deaths in Canada in 1936 amounted to 106,617, and the general death rate was 9·7 per 1,000 of population. The following table will set out the diseases, the number of deaths and the rate per 100,000 of population:

	Deaths	Rate per 100,000 of population
Heart disease	16,361	148·5
Cancer	11,652	105·8
Pneumonia	7,266	65·8
Tuberculosis	6,745	61·2
Kidneys	6,734	61·1
Influenza	3,096	28·0
Syphilis	death rate	5·3

There are other diseases, apart from this particular group, which need the attention of all health authorities of Canada. A beginning has been made in the distribution of these arsenicals to the provinces, and it is my hope that it will be possible to carry on the campaign with greater vigour in another year.

Mr. McCANN: Has this matter been taken up with the several provincial health departments?

Mr. POWER: It will be taken up at the dominion council of health which meets in June.

Item agreed to.

Food and drugs, $155,995.

Mr. MacNEIL: I have in my hand a copy of the regulations that were issued under the Food and Drugs Act, as authorized by order in council of August 16, 1934. Page 29, section 8, subsections 3 and 4, have to do with the purity of flour and bleached flour. These regulations refer to the processing of flour in the milling industry. Just recently I secured a copy of the new regulations in English and French which have been placed in circulation, and I notice that these two paragraphs have been deleted. The order in council which authorized that deletion was circulated in the French language but not in the English.

Mr. POWER: Do I understand my hon. friend to say that the order in council was circulated in French and not in English?

Mr. MacNEIL: It was only with the French copy that I received a copy of the order in council, also in French.

Mr. POWER: I understood my hon. friend to say it was circulated only in the one language.

Mr. MacNEIL: I had to make a special request to the department to secure a copy of the order in council because it was not included with the copy of the regulations circulated in the English language.

Mr. POWER: When was that?

Mr. MacNEIL: Just within the last month.

Mr. POWER: The order in council was passed only on March 24, so I suppose it had not been printed.

Mr. MacNEIL: I should like to direct attention to this order in council which reads:

His Excellency the Governor General in Council, on the recommendation of the Minister of Pensions and National Health, is pleased to amend the regulations under the Food and Drugs Act, established by order in council of the 16th August, 1934, P.C. 123/1852, and they are hereby amended as follows:

Subsections 3 and 4 of section VIII—grain products—are hereby deleted and subsections 5 to 15 of the above section are renumbered 3 to 13.

The subsections deleted by this amendment were as follows:

3. Flour shall be the fine, clean sound produce made by bolting wheat meal, and shall contain not more than thirteen and five-tenths (13·5) per cent of moisture, not less than one and twenty-five hundredths (1·25) per cent of organic nitrogen, nor more than two (2) parts per million of nitrite reacting nitrogen, not more than one (1) per cent of ash, and not more than fifty hundredths (0·50) per cent of fibre.

4. Bleached flour shall be flour which has undergone processing for the purposes of making it lighter in colour. The residual nitrite reacting nitrogen shall not exceed five (5) parts per million. The presence of more than two (2) parts per million of nitrite reacting nitrogen in flour shall be held to be proof of its having been bleached by oxides of nitrogen.

Note.—Nitrite reacting nitrogen shall be calculated as sodium nitrite ($NaNO_2$) which for the purposes of this definition shall be identical with nitrogen.

These subsections dealing with the purity of flour or bleached flour have been deleted from the regulations. I am concerned with the reason for the deletion of these subsections. I want to know whether it means that the consumers are to be deprived of the protection formerly extended to them with respect to the purity of flour or bleached flour. What is the explanation for the deletion of these important subsections in the regulations?

[Mr. Power.]

Mr. POWER: This is a somewhat technical question and has involved considerable controversy in the past. Some time in 1935, I think it was, the department instructed certain of the millers that they were no longer to use potassium bromate in flour. Representations were made, and there seems to have been some confusion as to just what was the final decision. There appears to be nothing on the files of the department to the effect that permission was granted to the millers generally to use potassium bromate. I do not just know how it came about, but in any case the first I heard of it was that a decision of the department apparently had been given that potassium bromate was not to be used. This was brought to my attention by the manager of the Maple Leaf Milling Company who called attention to the fact that other companies were using this improver. He wanted to know why his company could not do likewise, which was a reasonable request. Upon inquiry I found that the departmental officials were of the opinion that it should be prohibited. The other millers asked for a hearing before any definite decision was reached.

We invited the millers to come to Ottawa to discuss the matter. At that conference the Maple Leaf Milling Company stated that they had no objection to this improver being added to the flour, provided they were allowed to use it as well as were the other millers. The matter was discussed with the officials of the Department of Agriculture and the Department of Trade and Commerce, which latter department has a real interest in the sale of Canadian wheat. After considerable study I came to the conclusion that the use of infinitesimal quantities of potassium bromate was not deleterious to human health. This improver is being used to an unlimited extent by the bakers because we have no control over its use by them. However, we had automatically excluded its use by the millers who had been using other improvers of a non-deleterious nature for a number of years. It was pointed out to us, to the point of conviction in so far as I was concerned, that there was no reason why it should not be used except for the fact that its use was forbidden by the regulation. I thought, I suppose because I am not overly fond of regulations, just because they are regulations, that it would be just as well to do away with it.

Then it was pointed out that in competition with other countries, particularly in our export trade to hot countries, we were at a

disadvantage. In the United States there are no restrictions whatever on the use of improvers of that kind. United States flour competes with ours and gets the advantage of us in countries like Cuba, West Africa and other countries. Great Britain, after studying the matter, decided not to prevent the use of improvers. France, having studied it, came to the conclusion that improvers should not be used. Mr. Geddes, expert in grain chemistry, in the research laboratory of the board of grain commissioners, gave his opinion that no harm would be done to Canadian wheat and that the sale of Canadian wheat would not be injured by any decision which we might arrive at with respect to the matter. Mr. Aitken, assistant expert in grain chemistry, in the grain research laboratory of the board, gave his opinion that not only was potassium bromate not deleterious to humans but that it might certainly improve the flour to allow bromate to be added. In the face of these decisions I came to the conclusion that there was no harm in allowing it to be used.

The next question asked was, Would it be necessary to amend our regulations? Had we done so, we should have had to add to the regulation read by my hon. friend a moment ago—the regulation that reads:

> Flour shall contain not more than thirteen and five-tenths (13·5) per cent of moisture, not less than one and twenty-five hundredths (1·25) per cent of organic nitrogen, nor more than two (2) parts per million of nitrite reacting nitrogen, not more than one (1) per cent of ash, and not more than fifty hundredths (0·50) per cent of fibre.

It would have been necessary to add:

> And not more than such a percentage of bromate, and not more than certain other ingredients which from time immemorial have been mixed with flour.

So it would have made a definition which would have included practically everything. We therefore thought it advisable to repeal the regulation altogether, but in order to protect the public we have sections of the act which give ample power to the department to prosecute and punish anyone who sells food which might be deleterious to humans. Section 4 of the act, which deals with adulteration, and certain other sections give us ample power. There is no danger whatsoever that we have forfeited any of our powers under the act.

Mr. MacNEIL: Unless that section of the act is given effect to in regulations, it would appear that the situation now is that the milling industry may introduce an adulterant in a staple that appears on every family table, while some doubt exists as to whether it is deleterious for human consumption. I do not wish to arouse any false alarms, but it is a well established principle that we should not permit adulterants of any sort in flour. I am well aware that potassium bromate as a salt is used in flour in very small quantities to stabilize or accelerate the action of the yeast, and that if used in excessive quantities it would probably result in the fermentation getting beyond control. But I am reliably informed by medical men, and I must take their advice because I am not a medical man myself, that the case with regard to the use of potassium bromate is not proven one way or the other. There is considerable evidence to show that the use of this salt in flour, or introduced as an improver in compounds used by bakers, is injurious to the workers in the industry because it gives rise to certain skin disorders. There is also evidence to show that when the flour is consumed, particularly by people who may be susceptible to certain skin diseases, it does tend to aggravate skin disorders or induce more serious consequences. I contend that the same result in proper action of the yeast would be secured by a more careful blending of the grains. I think it is extremely unwise that a well established monopoly such as we have in the baking and milling industry should influence departmental policy in this regard and should secure the right to introduce a questionable—I think that is the least one can say of it—improver or adulterant when there is the slightest degree of risk to those who consume the bread, and when there is definite risk to the workers in the industry who are exposed to the action of the salt. I would earnestly urge the minister to reconsider his position in the matter and to re-enact regulations which will establish definite standards of purity in connection with the use of a product that is of such importance in all households.

Mr. POWER: So far as the effect on the health of the workers is concerned, I freely admit that this had not been brought to my attention before; but fortunately last year the house was kind enough to give me a little money to set up a division of industrial hygiene, and this question will give the new division something to do. They can look into it, and if I find after their investigations that the use of this improver has some injurious effect on the health of those employed in the industry I shall be only too glad to see what we can do to change the conditions.

Mr. MacNEIL: Has the minister not been advised that among medical men there is a difference of opinion on the subject?

Mr. POWER: Oh, yes, I am aware of that.

Mr. MacNEIL: And that some medical men hold the opinion that potassium bromate is injurious.

Mr. POWER: But it is not definitely established.

Mr. BARBER: I understand that a considerable percentage of soya bean meal is used by bakers to-day. Would that be considered an adulterant?

Mr. POWER: No.

Mr. MacNEIL: What is the present policy for protecting the public against the use of adulterants? Is it the blanket authority of the act?

Mr. POWER: It is not a blanket authority. Section 4 of the act states:

Food shall be deemed to be adulterated within the meaning of this act

(a) if any substance has been mixed with it so as to reduce or lower or injuriously affect its quality or strength;

(b) if any inferior or cheaper substance has been substituted wholly or in part for the article;

Then section 4 (f) states:

(f) if it contains any added poisonous ingredient, or any ingredient which may render it injurious to the health of the person consuming it, whether added with intent or otherwise; or

(g) if its strength or purity falls below the standard—

That is, below the standard we have laid down. So there is ample authority to prosecute anybody who sells any fraudulent products under the act.

Mr. MacNEIL: May I ask if any action will be taken against the milling industry for the use of potassium bromate?

Mr. POWER: Not at the moment; it is tolerated.

Mr. MacNEIL: Or to regulate the percentage of potassium bromate that may be used in flour for export, particularly to the West Indies, where the percentage used is higher.

Mr. POWER: They are watching it very carefully. Overdosage ruins the bread and does not give the effect they are looking for.

Item agreed to.

Opium and narcotic drugs, $50,780.

Mr. MacNEIL: Have steps been taken to secure uniformity of regulations throughout the various provinces with regard to the sale of well known sedatives such as are marketed under the trade names of luminal, nembutal and pheno-barbital derivatives.

Mr. POWER: That was discussed at the health council, and we are endeavouring to have the same kind of legislation applicable generally.

Mr. STIRLING: What progress is being made with respect to illicit traffic in the ports of British Columbia? Is any improvement indicated?

Mr. POWER: That is a difficult question to answer. I cannot say whether there is any improvement, but we had some very successful prosecutions last year. There were five Japanese, or there was a ring including five Japanese—I believe there were two Canadians in with them—that had been remarkably successful in smuggling narcotics into Canada. They were caught, and a number of them were sentenced to gaol. I am informed that the price of illicit drugs is now higher in British Columbia than it has ever been. This indicates that we are doing something to control the traffic.

Item agreed to.

Quarantine and leprosy, including contribution of $1,000 to the International Bureau of Public Health, $162,065.

Mr. STIRLING: I see there is a slight increase. Would the minister tell us whether the control of leprosy is entirely in the hands of his department or whether he has collaboration from the coast provinces?

Mr. POWER: It is entirely in the hands of the department. It comes under the Leprosy Act. As my hon. friend knows, there are two stations. I understand there are three patients at Bentinck island, British Columbia, and some at Tracadie.

Mr. BARBER: How many lepers are there?

Mr. POWER: There are three at Bentinck, on the Pacific coast, and seven at Tracadie, on the Atlantic coast.

Item agreed to.

Laboratory of hygiene, $70,610.

Mr. BARBER: Where is the laboratory located?

Mr. POWER: Here in Ottawa.

Item agreed to.

Immigration medical inspection, $111,160.

Mr. HEAPS: How many immigration medical inspectors have we now; where are

they located and how many immigrants did they examine last year who proceeded to this country?

Mr. POWER: We have one at Antwerp, one at Hamburg, one at Paris, and two in London; then we make use of panel doctors throughout Great Britain; and there are twelve medical inspectors in Canada.

Mr. HEAPS: How many immigrants who came to Canada were examined last year by these medical men?

Mr. POWER: I would point out to my hon. friend that they do more than examine immigrants. As is well known, the doctors at the Canadian ports have to examine the ships generally; all passengers have to go through some form of examination. I do not mean that they undergo a very severe medical examination, but the passengers have to be looked over, at least, from the medical standpoint. The total of immigrants medically examined, including points in the British isles, Paris, Antwerp, Hamburg, including Gydnia, numbered: 1933-34, 5,814; 1934-35, 5,765; 1935-36, 5,775; 1936-37, 6,407. And upon arriving at Canadian ports about the same numbers were examined, namely, 1933-34, 5,278; 1934-35, 5,323; 1935-36, 4,972; 1936-37, 6,072. A certain number were classed as prohibited. In 1936-37 the number was 305, and at Canadian ports, forty-one. One hundred and sixty-two were prohibited entry.

Mr. STIRLING: Were any of the immigrants who were medically examined on the other side of the Atlantic subsequently turned back on arrival at Canadian ports?

Mr. POWER: My information is that there were forty-one.

Mr. STIRLING: How would that arise?

Mr. POWER: Well, it has happened very often in the past. I am well aware of the controversy which has been going on for many years in Canada as to why we should have examinations both in Europe and in Canada, but it has happened very frequently that people who were passed by our doctors on the other side have had to be rejected by our doctors here. Just why, I do not know. I am informed that sometimes there has been substitution. So now we have to examine both the photograph on the passport and the man who is supposed to correspond with it. Our people must see that in any case he looks something like his passport photograph, although that is very difficult, as my hon. friend well knows.

Mr. STIRLING: Are Japanese immigrants examined before they leave Japan?

Mr. POWER: I do not know of any case where we have had anything to do with the examination. I do not think they have ever asked us to do it.

Mr. STIRLING: Well, upon arrival at Vancouver or Victoria?

Mr. POWER: We have no medical man in Japan. I suppose the immigrants are examined, as anybody else is, upon arrival.

Mr. HEAPS: Do they get the same examination as people who come here from the continent of Europe?

Mr. POWER: The Japanese?

Mr. HEAPS: Yes.

Mr. POWER: I assume so. They do not get it before sailing. We have no medical examiner in Japan.

Mr. HEAPS: I know something of the strictness of the examinations which sometimes take place both on the continent of Europe and in London. I have known people who were rejected and who subsequently came here and were pronounced physically sound in every respect. Of course I understand that mistakes can happen. But I want to know if the same thing happens on the Pacific coast as on the Atlantic.

Mr. POWER: I am informed that the examination is the same. I do not know how such an incident as that mentioned by the hon. member could happen.

Mr. STIRLING: Would the minister consider the advisability of having a Canadian doctor to conduct examinations in Japan, or of employing a Canadian doctor who may be resident there?

Mr. POWER: I am sorry, but I did not follow the debates on Japanese immigration closely enough to know just how many came in from Japan. I do not think there were more than seventy-five, were there?

Mr. REID: One hundred and fifty-five.

Mr. POWER: I do not know that we should keep a doctor in that country to examine so small a number. The original idea of placing our medical men in Europe was to facilitate immigration—not that I think they are doing so at the present time. But the purpose was to make it easier for people to be medically examined upon arrival in Canada.

Mr. DUNNING: And because of the hardship involved in their being sent back.

Mr. POWER: I think it was largely due to the representations of the shipping people.

At one time the immigration authorities made the steamship company pay a heavy fine when they brought anyone to Canada who was rejected.

Mr. STIRLING: They had to take them back for nothing.

Mr. POWER: I believe the churches and other bodies also made representations.

Mr. BARBER: Are the same regulations applied at ports of entry from the United States?

Mr. POWER: No; we have no examination at all.

Mr. BARBER: No examination?

Mr. HEAPS: These regulations apply only to persons seeking permanent entry.

Mr. POWER: The ship has to be cleared just the same. It is not a close physical examination, but the ship must be cleared.

Mr. STIRLING: Does that mean that there is no examination on the United States line?

Mr. POWER: The customs officer has a look at the man coming in, and if there is any doubt a doctor who is on schedule of fees is called in.

Mr. BARBER: I have known of persons coming from the United States with the intention of taking up residence and, not being able to produce a medical certificate, they were turned back.

Mr. POWER: The immigration department must be satisfied; if not, they call in a doctor, at our expense presumably, to see whether the person is in sufficiently good health to be admitted. We have no doctors stationed at any port of entry in the United States.

Mr. HEAPS: It would apply only to people from the United States seeking permanent entry?

Mr. POWER: Yes.

Mr. HEAPS: Not to tourists?

Mr. POWER: No.

Item agreed to.

Child and maternal hygiene, $17,770.

Mr. McCANN: What progress is being made in the establishment of this division?

Mr. POWER: It took some little time to have the establishment ready. After the vote was passed, the positions of chief of the branch and assistants had to be advertised. They were advertised some time in September or October, and Doctor Couture was appointed as chief of the division and Mrs. Chasse of Ottawa as sociologist. A technical advisory committee was formed, and there was a joint meeting in Ottawa on April 13 and 14 to deliberate on matters affecting child and maternal hygiene. The meeting was under the direction of Doctor Couture, and a very large number of scientific persons, mostly medical men and others interested in that field of social welfare, were invited.

Mr. McCANN: April of this year?

Mr. POWER: Yes.

Mr. McCANN: When was the appointment made?

Mr. POWER: In October. This was a meeting of the advisory board, but a certain amount of work had already been done. The division is taking part in a survey of mortality in child and maternal cases in Manitoba. This survey is being made by the provincial health authorities of that province in conjunction with the Rockefeller Foundation and with the assistance of the federal department. Mrs. Chasse of our staff is in Manitoba, and in charge of the work there, at the request of the Manitoba government, is Doctor Margaret Parkes of our staff.

Mr. McCANN: I see there is provision for professional and special services, $5,000. What is that?

Mr. POWER: That is for studies such as the one in progress in Manitoba.

Mr. McCANN: In addition to the regular set-up?

Mr. POWER: Yes.

Mr. BARBER: Was the full amount voted last year expended?

Mr. POWER: No; there was unexpended the sum of $10,876.75 out of $14,000.

Mr. HEAPS: I am in accord with this item, but I am wondering to what extent there may be overlapping between the federal department and some of the provincial governments and municipalities. In each of the municipalities there is a great deal of this sort of work, and I should like to know whether the federal department is trying to coordinate the various activities of the provincial governments in this direction, or whether this work is simply supplementary.

Mr. POWER: As a matter of fact we do try to coordinate all the activities, but in this particular instance it was decided at

the request of the provinces that we should form a central organization in Ottawa to deal with child and maternal welfare, to obtain information to assist the provinces in their researches, and generally to be a sort of clearing-house. Recently, when Manitoba decided to undertake certain work it could not do it alone, and we took the view that Manitoba would be an ideal cross-section of Canada, so that in order to get this information on mortality we thought it would be an excellent opportunity for us to join with the province. They are doing some of the work through their own staff, and we have also some members of our staff there. It is a joint undertaking in consequence of which we expect to have valuable information which we can distribute among other provinces.

Item agreed to.

Epidemiology, $14,770.

Mr. STIRLING: Here is one of those instances which I am not able to understand under the new system of preparing the estimates. In this one there is an amount, "voted but not utilized," of $4,000. In the last one I understood the minister to say that there was unexpended something like $10,000, which does not so appear. In fact, it very seldom does appear, and yet apparently on frequent occasions it has not all been expended.

Mr. POWER: I was not sure myself what that term, "voted but not utilized" meant. I have an explanation, but I would rather have the Minister of Finance explain it.

Mr. DUNNING: This is the first occasion on which the estimates have been presented in the new form, and in adjusting the details of what was last year a bulk vote for a series of services among the various accounts which this year become separate votes, the situation to which my hon. friend refers arises. It will not occur in the future, because in the future we shall be making comparisons between comparable things. I may tell my hon. friend that it took nearly six months' work to get the estimates into this form, which I think hon. members will agree is a tremendous improvement from the standpoint of conveying information as to details. That is the reason for discrepancies of this sort.

Mr. STIRLING: Yes; I modified my language in regard to it, because I think, when we get accustomed to it, this will be a much more intelligible way of presenting the estimates. I notice all the way through that there are far fewer references now than under the old method with regard to money not expended in the previous year.

Mr. POWER: Nearly all these items we have been quoting this afternoon were bulked in one vote in another year, so it is very difficult to make the proper division.

Mr. BARBER: What part of the $15,400 voted was spent last year?

Mr. POWER: The amount spent was $3,500; there is $11,860 unexpended.

Mr. McCANN: What work, if any, has this department done with reference to the outbreak of poliomyelitis in Canada last year? Or is it proposed to make an exhaustive study of that branch of epidemiology?

Mr. POWER: The epidemiologist of the department has approached the Canadian Medical Council asking them to make a study and put the result of their study in book form. When that has been done, with full details, enabling medical men throughout the country more easily to diagnose the disease and setting out the most efficacious form of treatment which can be given in an emergency, it will be printed in pamphlet form; and the department has undertaken to distribute it among all doctors in Canada. So far I think that is about all we have done with that disease.

Mr. McCANN: Is the department doing any research work in this particular line?

Mr. POWER: We are doing field studies in other lines, but not in this.

Item agreed to.

Publicity and health education, $17,024.

Mr. McCANN: What advance has been made in the setting up of this branch?

Mr. POWER: The civil service commission appointed a man yesterday.

Mr. McCANN: This should be a very important branch of the department of national health, because the publicity given throughout the country to the methods of treatment and the facilities which are available in regard to diagnosis and treatment of disease is an important factor. Last year in the neighbourhood of Quebec city quite a number of children were afflicted with diphtheria. That should not happen; it is absolutely a preventable disease, and it is only a matter of education and of using the facilities we have to make it so that no child should die of diphtheria. I have come to the conclusion that the reason why so many children died of diphtheria in Quebec province and the region of the city of Quebec last year was lack of public education regarding what can be done for that disease.

I see a great field for this publicity branch, and although the man was appointed only yesterday I would say, let him start to work on Monday spreading education throughout these areas.

Mr. STIRLING: Whom will this man educate?

Mr. POWER: You and me and all of us; the public. We need it.

Mr. STIRLING: How?

Mr. POWER: By radio talks, through the newspapers, and so on.

Mr. HEAPS: Would not the case just referred to be one in which the provincial government should step in first, before the federal government attempts to do anything? The federal government might be accused of violating provincial rights. While I should be sorry to see any part of the country, especially that so close to the constituency represented by the minister himself, suffering from preventable disease, I think we can leave the matter to the minister.

Mr. POWER: We shall issue uniform pamphlets so that the people of Quebec will be no more ignorant than those of Winnipeg or other parts of Canada.

Mr. BARBER: What was expended out of this vote last year?

Mr. POWER: Nothing. We obtained our man only yesterday. It took the civil service commission a year to get him.

Mr. BARBER: Who is the man?

Mr. POWER: His name was announced in the paper before I heard it—F. Rowse.

Mr. McCANN: What was the cause of the delay in making the appointment? It took the commission six months to select a man for a very important branch of public service, for which there must have been plenty of men available. I understand there were some 200 applications. It is a crying shame that it should have taken six months to make this appointment.

Mr. POWER: I think we got authority from the treasury board some time about July, and asked the civil service commission to advertise. They advertised throughout Canada. There were over 200 applicants, of whom thirty-five were returned soldiers. All others than these were eliminated; then the examining board or rating board composed of seven or eight gentlemen from Ottawa with a man from the civil service commission started to eliminate, and I think, after discussion, they concluded that the best thing was to give a written examination. It took some little time to decide on the subject matter of the examination; then the papers were sent out; I think they were asked to write a paper on poliomyelitis and various other things. When the papers came in they had to be examined; I understand the number was reduced to two or three candidates, and finally the appointment was announced in the paper before I knew of it.

Item agreed to.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 100, for the relief of Gerda Ellen Morrison.—Mr. MacLean (Prince).

Bill No. 101, for the relief of Hilda Elsa Naeke Schneider.—Mr. Heaps.

Bill No. 102, for the relief of Margaret Robinson Mathieson Megee.—Mr. Heaps.

Bill No. 103, for the relief of Rachel Tencer Silberger.—Mr. Lawson.

Bill No. 104, for the relief of George Brunet.—Mr. Jacobs.

Bill No. 113, for the relief of Mary Elizabeth Fletcher Meigs Ballantyne.—Mr. Emmerson.

Bill No. 114, for the relief of Ada Alice Burns.—Mr. Thompson.

Bill No. 115, for the relief of Marjorie Isabel Meldrum Andersen.—Mr. Emmerson.

Bill No. 116, for the relief of Alice Pearl Shaver Booth.—Mr. Jacobs.

Bill No. 117, for the relief of Mary Grace French Clarke.—Mr. Jacobs.

Bill No. 118, for the relief of John Gerard Ahern.—Mr. Hill.

Mr. BENNETT: Before you report the bills, Mr. Chairman, I desire to direct attention to this fact. My memory is that the court of last resort in our country has decided that domicile is a matter of domicile in the provinces, and not in the dominion. These bills all indicate that persons had domicile in Canada. The judgment of the court at least in one case was that there could not be any such thing as domicile in Canada; that domicile is domicile in a province, in any province. I mention this only to prevent hereafter any idea that we have entirely overlooked that question of domicile.

Mr. LAPOINTE (Quebec East): But the fact that they are domiciled in any one of the provinces gives jurisdiction to this parliament.

Mr. BENNETT: It is only a question of the allegation that they are domiciled in Canada; that is the only question I raise.

Bills reported, read the third time and passed.

SECOND READING

Bill No. 121, to incorporate the Roman Catholic Episcopal Corporation of Hudson's Bay.

COPYRIGHT AMENDMENT ACT, 1931

CONCURRENCE IN SENATE AMENDMENTS

Mr. W. K. ESLING (Kootenay West) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 12, to amend the Copyright Amendment Act, 1931.

Motion agreed to; amendments read the second time and concurred in.

PRIVY COUNCIL APPEALS

PROPOSED ABOLITION OF APPEALS TO HIS MAJESTY IN COUNCIL

The house resumed from Friday, April 8, consideration of the motion of Mr. Cahan for the second reading of Bill No. 19, respecting appeals to the Judicial Committee of the Privy Council.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, this bill is of the utmost importance because of its subject matter. It was discussed in the house at a special sitting and has received considerable interest throughout the country. I have been advised that various law associations have appointed committees to consider this matter and to study all the arguments that have been brought forth by my hon. friend and others.

Mr. CAHAN: Including my right hon. friend.

Mr. LAPOINTE (Quebec East): I wonder if I could not suggest to my hon. friend that he first let public opinion digest this matter; let these various bodies which are particularly interested have time to consider the various aspects of this question and then reintroduce this bill at the next session? I can promise him that he will have my full support at that time as he has to-day.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, I agree entirely with the right hon. Minister of Justice (Mr. Lapointe) that this is an important bill. Judging from the correspondence that I have received from one end of the country to the other it has given rise to serious reflection and considerable discussion. Communications which come to me are more likely to be favourable to the bill than otherwise, but I must say that I have found a strong opinion in various parts of the country in favour of the measure. However, I agree entirely with the suggestion that more time should be given for study and reflection and that it would be most inopportune to press this measure through at this session of parliament. If Providence spares my life until the next session, I shall probably consult with my right hon. friend—

Mr. LAPOINTE (Quebec East): There is no doubt about that.

Mr. CAHAN: —and possibly I may be able to persuade him to reintroduce a similar bill on behalf of the government. If not, I shall reserve the right to introduce a similar bill myself at the next session. With the consent of the house, I would move that this bill be withdrawn from the order paper.

Right Hon. R. B. BENNETT (Leader of the Opposition): Before this matter is finally disposed of, I should like to indicate that I had proposed to make a few observations which I shall not now make.

Mr. CAHAN: I am sorry; I did not know that.

Mr. BENNETT: I am very glad not to make them. However, there is one suggestion I should like to make to the right hon. Minister of Justice (Mr. Lapointe), which he probably will not favourably entertain. It has been the view of distinguished statesmen in the British Empire for many years that having regard to the possibilities of differences between the various dominions and the United Kingdom, which occupies a place similar to that of a dominion in the British Commonwealth of Nations, there should be some tribunal created by common consent to deal with these matters. This tribunal could be considered the court of last resort under the same conditions for all the dominions, including the United Kingdom itself, in which the court of last resort is the House of Lords. This court, constituted by common consent, would have as members representatives from every part of the commonwealth.

This view was put forward quite strongly by distinguished statesmen some twenty-five years ago. Certain steps were taken looking to that end, but because of the pressure of business in other directions, nothing was

done. It will be perhaps within the memory of the right hon. gentleman that discussion did take place at more than one imperial conference, but the pressure of other matters regarded as being of more importance at that particular time prevented any concrete action from being taken. I think this thought should be in the mind of everyone who has to do with this matter. When differences arose between the Irish Free State and Northern Ireland with respect to boundaries, it will be remembered that a justice of the supreme court of South Africa was called in. The problem of dealing with differences between the various parts of the commonwealth has become very apparent on one or two occasions. For instance, when we dealt with the Newfoundland matter, it was an arbitration, not a case in court. The privy council acted as arbitrators in dealing with that matter, and the arguments presented were presented to that tribunal as an arbitral tribunal, not as a court of last resort.

I think it is desirable that we should study the question as to whether or not it would be possible, by common consent, to create a great court that would indeed be a court of last resort, alike for the people of England, the people of Australia, the people of New Zealand and the people of Canada, for a certain class of question, not all obviously, but certain types of questions that might be dealt with. It will be remembered that Australia has imposed a limitation on the cases that can go to the privy council from that country, and the same applies with respect to other parts of the commonwealth. I am not urging it at all, but I think it is a matter that is worthy of careful consideration before we dispose of the question which is at issue in the measure that is before the house.

Mr. LAPOINTE: Mr. Speaker, any suggestion of my right hon. friend (Mr. Bennett) on a matter of this kind deserves, of course, the most careful and serious consideration, and I can assure him and the house that such will be given. But if I understand him aright, the suggestion would involve the creation of a court of appeal for the whole commonwealth. As he has stated, this was argued many years ago and was supported by a body of opinion in some parts of the commonwealth; but at every conference at which the matter has been discussed in my presence and in which I have participated, I must say that the trend of opinion was rather opposed to such an imperial court of appeal. But in 1926, and if my memory serves me well, even in 1929, when the conference on dominion legislation met, the almost unanimous view was in favour of some sort of arbitral tribunal, as my right hon. friend has indicated, for the purpose of sitting when there are difficulties between members of the commonwealth, as in the instance he mentioned. Such a tribunal could have been sitting, for example, in the difference between Canada and Newfoundland. There is much in favour of such a proposal. The idea was that the judges who would be called upon to sit on such a tribunal would be taken out of a panel representative of every dominion of the commonwealth, which would supply a certain number of names—

Mr. BENNETT: Not unlike the world's court.

Mr. LAPOINTE: Exactly, and I myself spoke in favour of the proposal at that time. I can assure my right hon. friend that the suggestion will be given the most serious consideration.

Motion agreed to and bill withdrawn.

CRIMINAL CODE

AMENDMENT TO PERMIT SWEEPSTAKES ORGANIZED BY PROVINCES FOR BENEFIT OF UNIVERSITIES OR HOSPITALS

The house resumed from Friday, May 13, consideration of the motion of Mr. Bertrand (Laurier) for the second reading of Bill No. 28, to amend the criminal code.

Mr. P. J. ROWE (Athabaska): Mr. Speaker, I rise to take part in this debate because I am convinced, after careful consideration of the proposal to legalize sweepstakes for the alleged purpose of assisting hospitals and universities, that the appeal has nothing to commend it from any point of view, on either economic, political or moral grounds. On the contrary I regard it as utterly and completely fallacious by every test of logic and by the proof of historical fact. Of course, I do not for one moment question the good intentions of the hon. member who has moved the bill (Mr. Bertrand, Laurier), but I would remind him of the well known adage that the road to perdition is paved with good intentions.

The hon. member refers to the fact that some years ago in Vancouver a majority of persons voted in favour of a plebiscite which involved the idea of sweepstakes. Surely the hon. member does not suggest for a moment that the fact that a majority of the electors in Vancouver voted in favour of this idea was an endorsation of the principle, because I am unable to see any principle in it.

May I suggest to the hon. member another reason which these people had for voting

for the idea of sweepstakes. The hon. member knows as do all hon. members of the house, that the majority of the people of this country are very poor. They live constantly in the shadow of a terror that clutches at their hearts, the fear of how to pay for rent and food and clothes and education for their children, and they often go to bed haunted by terrible nightmares of penniless old age, and those nightmares which concern young men and young women wandering hopelessly through the streets and roads of the country in a fruitless search for work,—those nightmares concerned with sickness and death without anyone to provide for their children.

Mr. BERTRAND (Laurier): We have very often been told that we are living in a happy country, and I always thought so myself.

Mr. ROWE (Athabaska): I should like to agree with the hon. member that we are living in a very happy country, but the evidence before me as I go through this country tells me another story altogether, and I am just telling that story as I see it.

I suggest that this proposal, like most of the shallow and superficial thinking which characterizes our present day leadership, is an attempt to rearrange the consequences of the deep-seated ills which afflict society rather than to discover and remove the causes. Men and women of all races and colours and creeds, as I have found them in my experience in the commercial life of Canada for twenty-five years, are naturally kind and good and decent, and it is contrary to the deepest instincts of humanity to want something for nothing or to live parasitically off the labours of others. It is by their institutions alone that people become corrupt, and the responsibility for shaping and ordering these institutions nearer to the heart desires of humanity rests heavily upon the leaders of men. But if the blind lead the blind, both shall fall into the ditch.

I suggest that the people of Vancouver voted for lotteries, not because they favoured the principle, because there is no principle, but because they live constantly in the shadow of the terror of poverty. What normal human being, living under conditions of heart-sick, bitter poverty and frustration, does not long for that happy dream-world of freedom, security and contentment which the sudden possession of great wealth seems to offer. It matters not that, according to the most authentic figures which I have been able to gather, only one in three thousand ever receives a prize. Always in his dreams and prayers is the fond hope and longing that he may be that one.

But if the prize does come to such a lucky one, what of the other three thousand whose hopes can never be realized and whose dreams can never come true. If the prize winner has a reflective mind, he will soon realize that his suddenly acquired fortune has not been gained by either honesty, industry, thrift, or any virtue whatsoever; nor has he contributed a single thing to the community by way of the creation of useful or consumable new wealth or services. The whole thing has been accomplished by an intensification and a deepening of the poverty, deprivation and suffering of others. Often the last pathetic pennies of the desperately poor, pennies sorely needed for milk, bread and other bare necessities of helpless little children, are taken and used in a desperate gamble to get something for nothing. Then the prize winner becomes the most complete embodiment of the cruelty, injustice and utter lack of morality of a system under which decent human beings are compelled to fight each other like wild beasts in the jungle because of the false and pernicious teaching, or other teachings like it, that "competition is the life of trade" and that they must compete and strive with each other for things which may be had in abundance without competition. This individual is automatically vested with privilege and power, backed by the respectability and sanctity of law and order, so-called, and at once, despite the untenable nature of his position on any grounds of ethics, morality or common decency, is able to lord it over the lives and destinies of his unfortunate neighbours, whom he can now command to feed, clothe, entertain and protect him and his descendants forever, or as long as the interest system lasts, without their having to render a single useful service in return. I say, Mr. Speaker, it is every one of these manifold contradictions, cruelties, infamies and horrors that this bill seeks to uphold, to condone and to perpetuate.

The hon. member has made reference to another unfortunate method of raising funds for public purposes which is even more degrading and demoralizing than sweepstakes. I refer to the liquor traffic. It has been stated that Ontario's liquor bill last year was $72,000,000. Ontario has about one-third of the population of Canada. It is therefore safe to assume that the people of Canada spent about $200,000,000 on booze last year and that the various provincial governments would get about $40,000,000 out of that. But what an awful price to pay, when it is realized that all that people get in return is something which injures both body and mind, as Shakespeare says, "putting a thief into the mouth

to steal away the brain!" They get more than that. They get ghastly slaughter on the highways, the undermining of health and morals, financial ruin, and a heavily increased demand on the hospitals and morgues of the country. Think, Mr. Speaker, of the irony of the suggestion that organized gambling and booze could by any stretch of the imagination assist in the operation of hospitals! Is it not organized gambling, not only in sweepstakes, but through stock exchanges, in the necessities of life, which drives thousands of people in this country into hospitals, mental institutions, gaols, and premature graves, and is this not equally true of booze? How many of the poor people who would gamble their last dollar on a sweepstake to help a university, ever would or could have the privilege of a university education? And besides, what is the use of turning out graduates from high schools and universities when there are such limited opportunities for employment?

Then, Mr. Speaker, think of the shocking waste involved in this method of raising money. We have heard that even the Irish people are protesting against the Irish sweepstakes because of the injury inflicted upon their hospitals; but even apart from that, according to Mr. C. E. Silcox, writing in the New Outlook of April 8, this year, out of a total of three hundred and twenty-five million dollars paid into the twenty Irish sweepstakes up to March, 1937, only about fifty million has found its way into the coffers of the hospitals, or just 16 per cent, which means that the expense of raising this money was 84 per cent, while some community chests have been able to reduce their costs of collection to less than 10 per cent of the amount collected.

Any state that legalizes lotteries will have a new source of income—I do not question that—but must also be prepared for the consequences, and these are some of them. It will gain a few thousands of dollars at a cost of millions to its people. It will increase its own relief problem. It will encourage new rackets and racketeers. It will not be able to frown upon other forms of gambling. It will do incalculable harm to the morals of its children and its adult irresponsibles. It will increase public disrespect for governments. The contention that our hospitals would benefit, the plea that much money is now going out of the country on foreign sweepstakes that might as well be kept at home, to me are utterly fallacious—devil's arguments in defence of a racket that, from beginning to end, seethes with duplicity and dishonesty.

[Mr. P. J. Rowe.]

During the past three years—and I do not want to be left constantly in a negative position; I want to be able to offer something as an alternative to this—I have stated in this chamber many times that there is a living in sound goods and services of more than $4,400 a year for every family in this country, enough to place every person beyond the borders of poverty and want forever, enough to provide comfortable homes, freedom, security and the happiness that everyone is seeking, if only sound and scientific principles of producing and distributing the wealth that we have and our resources were adopted. There is no possible excuse or reason for their not being adopted. With that income, we would have not the slightest difficulty in keeping up our hospitals and universities. The average man with a salary of $4,400 has no difficulty whatever in making a reasonable contribution and paying adequate taxes to maintain these institutions.

The cure for the present loss or shortage of money in the pockets of the people can be found only by removing the cause. This is not a cure; this is an attempt to rearrange the consequences rather than to examine and remove the cause. I say we would be able, if we would undertake scientific and rational methods of producing our wealth and distributing it equitably, to do so without having to resort to such shameful, degrading and criminal methods as dishonest gambling and poison booze. I have repeatedly asked this government, and I again do so now, to make a survey similar to the Loeb survey in the United States, of the natural resources, inventions and machinery on the farms and in the factories of this country, with a view to determining the potential product capacity of the country, not in meaningless gold, silver or paper dollars, but in consumable sound goods and services, and then, having determined what wealth could be produced, and thus the standard of living available to all the people, go on the radio and carry to every home and hamlet in the land the glad tidings of abundance. I know of sixteen ways by which money is now being made in this country, all of which are unmoral, unethical, injurious and inimical to the general welfare of the people, but all of which are nevertheless clothed with the sanctity of law. Let the government, after telling the people what these abuses are, announce its intention of removing them by passing laws to make them illegal, in order that the people may inherit the earth and its riches, to the mutual benefit of all, and the injury of none.

Hon. H. H. STEVENS (Kootenay East): I do not intend to delay the house with any laboured argument of this question; but I do desire to make my position clear in a few words, and I shall refer to one or two arguments that have been advanced in support of the bill. I am opposed to this measure, which seeks to legalize sweepstakes in Canada, because I consider it uneconomic, anti-social and the most extravagant method yet devised for raising money for legitimate and, as indicated by some of the sponsors, desirable ends and purposes. It has been argued that it is justifiable to amend the criminal code to legalize sweepstakes for the purpose of raising funds for the assistance of hospitals and universities.

The law dealing with gambling as it stands in the criminal code is either a good law or a bad law. Either it is a law which it has been found desirable, from the experience of years, and, indeed, of centuries, to have on the statute books, or else a ghastly mistake has been made in maintaining it on the statute books and it ought to be removed. There is no more justification for having sweepstakes to assist a university or a hospital than there is for having sweepstakes for any other purpose that might be desired. The point is not what money or portion of the money obtained will be used for the purpose in question; the point is that gambling has been recognized as a dangerous social practice which ought to be curbed and kept in restraint. That is the experience.

Mr. BERTRAND (Laurier): Why are there so many exceptions in the code?

Mr. STEVENS: I have no objection to a person holding the view that gambling is a desirable thing and that the law against it is bad. Such a person is at perfect liberty to advocate that view. But I take my position very strongly on this ground, that this part of the criminal code has been maintained where it is because the majority of the people of this country, and indeed of many other countries, regard such a provision as in the interests of the social integrity of the nation.

The next point is this: It has been suggested that people are just dying to buy a sweepstake ticket so that they can help a hospital or a university. My hon. friend almost wept a week or two ago when he introduced the bill, when he gave us a picture of people in Montreal, Toronto and other cities looking eagerly for an opportunity to give their $2.50, or whatever the ticket may cost, for the purpose of helping some hospital, suggesting that we who opposed it were preventing these charitably inclined people from contributing their $2.50. If they want to contribute $2.50, why can they not simply stick it in an envelope with a three cent stamp and send it to the hospital? My hon. friend knows, and his smiling face shows that he knows very well, that these tickets are bought because people have an expectancy of a large winning with very little risk and at very little cost. It is the expectancy of a large winning. We know that; why camouflage the thing?

Again, it is a self-destructive method, because the more sweepstakes you have, the less any one of them can benefit. One of the reasons why the Dublin sweepstake attracts such a huge amount of money is that it is one of the few large sweepstakes in the world and therefore it draws from the world. There are many people in Canada and in the United States who buy tickets, and a part of their money goes over there—we do not know how much reaches Dublin but some of it does—why? Because the sweepstake draws from the whole world. But if you had a sweepstake in every province in Canada, you would simply restrict the field from which winnings could be drawn.

The people who buy tickets in the Dublin sweepstakes, with the huge prizes that are offered, will still buy them although they might support one in Montreal or Toronto or Vancouver or some other place. I contend, however, that it is a self-destructive method. The more it is permitted and the more it extends, the less profitable or useful it will be. It is an extravagant method, moreover; that has been demonstrated. I shall not trouble the house with figures; they are available to anyone who wishes to study them. As the hon. member for Athabaska (Mr. Rowe) has pointed out, about 16 per cent of the huge sums that have rolled into Dublin, with all the glamour and fascination of that sweepstake, has gone into the hospitals. I say, it is an extremely costly method.

The bill naively makes this proviso:

> Provided there shall not be held more than one sweepstake. . . .

That is a limitation which has no justification. If this system of raising money is good; if it is sound; if it is justifiable, it ought not to be limited to any one hospital or to two or three favoured hospitals once a year. It should be something open to any institution. But the sponsors know perfectly well that if you multiply sweepstakes, you destroy the whole structure, and therefore it is very cleverly suggested that there should be one a year.

Another suggestion was made that a million dollars went from Toronto to Ireland and that this money ought to have been kept in Canada and directed into the coffers of Canadian sweepstakes. It was advanced as an argument that the people of Toronto—I do not know whether the figures are correct; I am simply taking the argument as advanced—who sent a million dollars to Dublin were so anxious to give it to a hospital that when they could not give it to a Toronto hospital they had to send it to a similar institution in Dublin. Therefore it was contended that we in Canada ought at once to give them an opportunity to contribute to a Toronto or an Ontario hospital. The argument has only to be stated to see how ridiculous it is. In the first place, if we had an Ontario sweepstake, people would still, if they could, buy tickets for the Dublin sweepstake. Why? Because of the hope of those $100,000 winnings. When the newspapers at each drawing for the Irish sweepstake spread the news of a family in New York, or Toronto or some other part of Canada, drawing $100,000, $125,000, $70,000, $10,000, and so on, the avaricious instincts of thousands of people are stirred up and they go out and buy a ticket—what for? To contribute to the Irish hospitals? No. They have no more interest in the Irish hospitals than that inkwell on my desk. All they are thinking of is that they have a wild chance of getting a winning ticket, which chance I understand, taking all the prizes together, amounts to about one in three thousand; something extremely small in any case

For these reasons and many others I am opposed to this bill. I repeat what I said just now, that the law against gambling as it appears on the statute books of this country is either a good law or a bad law. If the law is faulty we should correct it, not for sweepstakes for one purpose; for if sweepstakes are good for that purpose they are good for other purposes. That is not the test of the value of the law. The test of its value is that if it is desirable that some people should have an advantage, the same advantage ought to be open to any citizen of Canada for any purpose. So I say the law is either good or bad, and the test should be whether we wish to remove from the statute books the law against gambling or whether we prefer to stand by the experience of a great many years and retain this law which most of us believe is necessary in the interest of good social conditions in this country.

Mr. O. B. ELLIOTT (Kindersley): Mr. Speaker, seeing that it is just about nine o'clock, I should like to adjourn the debate.

Some hon. MEMBERS: Go on.

[Mr. Stevens.]

Mr. ELLIOTT (Kindersley): After serious consideration I have decided to support this bill, not because I believe that the particular bill is necessary to prevent gambling or anything of that kind, but because I believe there should be a certain measure of control in this matter, as there is in other ventures in this dominion. Let me state briefly some of the reasons why I believe we should have this control. Consider first the Winnipeg grain exchange, where speculation is permitted in the buying and selling of grain futures, not for the benefit of the people as a whole but for the express purpose of making money. I refer to the grain commission inquiry report, page 47. In regard to speculation in grain futures, we find it said that:

. . . business on the Chicago board of trade would be seriously handicapped, if not wholly dislocated, by the elimination of speculative buying and selling (or even by the elimination of only speculative selling) in the market.

I am convinced by the evidence that the presence of speculators in the Winnipeg futures market is just as essential to the proper functioning of that market as is the case in Chicago. The volume of their transactions may not be as great and on this point there is no definite evidence, but experience has shown that in Winnipeg if the speculator is away the market is in difficulties.

And on page 48:

As long as you have the present method of marketing, speculation is a very necessary element in the existing system and its absence is certainly to be regretted.

I have no brief for gambling in any manner, shape or form; but in the case of the Winnipeg grain exchange, where we are permitted to endanger even the lives of primary producers through the manipulation of the market because of rising and falling prices, we also know that the percentage of winners is small. But as the profits made from this source assist the large grain brokers in handling the crop, assuring them of safe margins, the casino is permitted to exist.

We have the same conditions in the stock market. Stocks are bought mostly for the purpose of making money, not for the purpose of developing property or for any material interest in the welfare of the country. I have here a magazine, the Newsweek, dated May 30, 1938, in which I find the following item in reference to the stock market. It is rather amusing to me, after reading articles during recent months trying to explain why investors have not been taking advantage of the present low prices of stocks. I maintain that the reason is very simple; they have

been evading the discussion of the true reason. This article seems to cover the situation. It says:

Investment trust scandal.

Watch for a Wall street explosion with repercussions that may rival those of the Whitney scandal. It will come when the SEC and New York district attorney's office reveal results of an inquiry into three important investment trusts. Investigators have found that the three companies, whose securities are widely held by the general public, have been looted of their choicest assets. Revelations will show that manipulators managed to obtain control of the trusts by purchasing their depressed shares. They then replaced the former management, sold most of the valuable assets of the companies, and used the proceeds to buy shares of little known companies owned by the insiders.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

PENSIONS AND NATIONAL HEALTH

Health branch—Treatment of sick mariners, $187,390.

Mr. MacNEIL: Did item No. 240 carry?

Hon. C. G. POWER (Minister of Pensions and National Health): I thought it did; but it does not matter, if the hon. member wishes to say something more on it.

Mr. McCANN: I wish to ask a question with reference to item No. 240. We were told by the minister that the appointment of the publicity agent was made only yesterday. What interval elapsed between the time the requisition was made by the department and the filling of the position.

Mr. POWER: I have not the exact date; I would say roughly from about August or September until yesterday.

Mr. McCANN: There is only one observation I should like to make in that connection. There are many terms one might use in expressing his disapproval of such action, but perhaps they might not be considered parliamentary. I would say that such action as that is not calculated to increase the confidence of the public in that branch of government which has to do with the making of these appointments. When urgency was required, it appears to me that the appointment might have been made at least five or six months ago, and the work which the publicity agent in the department of national health was supposed to have carried on would have been well under way by this time.

Mr. POWER: I have no special friendship for the civil service commission, but I do not wish to lead the committee into error by saying that the department asked specifically that the appointment be pressed. It went to the civil service commission as a matter of ordinary routine, and the appointment came through in routine fashion. I cannot say, however, on behalf of the department that we asked for any special expedition in the matter.

Mr. BENNETT: Was the position advertised?

Mr. POWER: Yes; it was advertised. The advertisement started about August, and the appointment was made yesterday.

Mr. WOODSWORTH: In connection with health education I cannot but think back to what happened this afternoon when another item concerning food standards was under discussion. What is the use of giving health education when at the same time the department itself would seem to be neglectful of public health, so far as the matter discussed this afternoon was concerned.

As I understand it, the minister himself admits that the order in council did away with certain sections which would seem to protect the standard of purity of flour.

Mr. POWER: He does not admit that at all.

Mr. WOODSWORTH: Here is what we had before:

Flour shall be the fine, clean, sound product—

Mr. POWER: And it still has to be fine and clean.

Mr. WOODSWORTH: No, no; there is no clause providing for that at all. And then there is a substance used known as potassium bromate concerning the effect of which the minister himself declares there is a difference of opinion among medical men. I do not think that is a sound position to take. We are informed further that this particular substance produces a skin disease suffered by the employees. I cannot understand the value of going to the public with a publicity campaign telling what the department is doing, with the idea of educating the public, and at the same time yielding to pressure on the part of the millers.

I do not think the minister has cleared up the matter by any means. Hence I have again raised the point in this connection. I for

one would be glad to have a great deal of publicity given to public health. I should be glad to have the public educated along these lines. But if the department itself is not living up to its own standards, as it seems to me was admitted to-day, and if under pressure from the milling interests it permits practices which are not sound or about which there is divided medical opinion, there is not much use in passing an item of this kind.

I believe the minister could give us a little more assurance than he has done that there will be a thorough investigation of this matter. Surely the medical people ought to be able to say very definitely—and ought to be unanimous on the point—as to whether or not potassium bromate is injurious to the health of people who eat bread made from this flour. Further than that, I suggest the minister ought to be able to tell us whether or not reports are correct that this substance produces a diseased condition on the part of people who handle it. These are questions which can be definitely determined, and until such determination takes place I think we ought to retain the old sections. As the minister is aware, I am not an expert in these matters; I can take merely what has been stated. Certainly nothing the minister has said has cleared up the charge. Until that is done we might as well give up public health education. We lead the public to a point where they are educated to eat pure food, and then they are told that under pressure from the millers safeguarding clauses are deleted.

Mr. POWER: I cannot but admire the ingenuity with which the hon. member brings us back to an item which was passed in his absence.

Mr. WOODSWORTH: I admit that, but I related the subject to the item under discussion.

Mr. POWER: I shall not take advantage of the fact that the other item passed; I am not in the habit of doing that. The point is that under regulations made under authority of the minister, as conferred upon me by the Food and Drugs Act, there were certain regulations giving a description of flour. Flour was described as has been stated by the hon. member.

For many years a number of improvers, including potassium bromate, have been tolerated. Some one in the department issued instructions to some of the flour millers to the effect that potassium bromate would no longer be tolerated. One flour miller who apparently had not been in touch with the department wrote to me to find out the state of the case. I had an inquiry made, as I have a right to do under the authority conferred upon me as a minister. As a result of the inquiry and of investigations by the Department of Trade and Commerce, investigations by the Department of Agriculture and the opinion I was able to get from medical men, I came to the conclusion that the small quantity of potassium bromate which would be mixed in the flour in process of milling was not deleterious to humans. In order to get even the ordinary dose of potassium bromate which is usual in sickness, a man would have to eat a hundred loaves of bread.

Mr. BENNETT: In how long?

Mr. POWER: My right hon. friend raises the point as to whether or not this is what I might call a continuous process of poisoning; that may not be the technical term.

Mr. McCANN: Cumulative.

Mr. POWER: I have left my papers upstairs, but I believe I can state the situation in non-technical terms. According to the opinion of Mr. Aitken of the grain board there is no such cumulative effect. I have that opinion in writing. After lengthy inquiry the British government came to the conclusion there were no deleterious effects; but, as I said this afternoon, the French government held a contrary view. The United States millers use potassium bromate, and they are in competition with us at every quarter of the globe. In certain sections of the world, and, I am told, particularly in hot climates, this substance has a beneficial effect upon the bread. What the process is, I am unable to say.

Moreover, so far as I am aware, there is nothing in any regulations which prevents a baker from using this substance indiscriminately, except that the bread may be seized when it is adulterated, or made dangerous for human consumption. So that it appeared to me, after listening to the representations made and from all the information I could get, that there was no reason why this should not be permitted. In consequence of that, the regulations which strictly defined what should be flour have been deleted. But that does not lessen in any way the protection given to the public under the Food and Drugs Act. Prosecutions may be instituted just as before if there is any adulterant used in the flour. In so far as the public are concerned, they have just as much protection as they had before. In regard to the technical question as to whether or not potassium bromate is deleterious, in the exercise of the authority conferred upon me

as minister, after listening to all the evidence that was tendered, I came to the conclusion that it was not. However, I do not say that I am infallible.

Mr. BENNETT: Were the minister's technical advisers unanimous about taking that action?

Mr. POWER: It is only fair to say that they were not.

Mr. STEVENS: Why delete the two regulations entirely and not replace them with some more moderate ones? As the matter stands now, there is no reference to flour.

Mr. POWER: There are a great number of improvers, and if we permitted one specifically it would be necessary to permit practically all the others. It would have left the door just as wide open as it is now, if it can be said to be wide open. We do not define flour any longer; that is all.

Mr. STEVENS: That is the trouble.

Mr. POWER: If the food is found unfit for human consumption; if it is found to be adulterated, we have the same power to prosecute.

With respect to the other point raised by the hon. member for Winnipeg North Centre (Mr. Woodsworth), that the use of potassium bromate in the mills might be injurious to the workmen, I must confess that this is the first time I have heard of that. I am informed that in so far as our department is concerned, we do not know of any cases. As I said this afternoon to the hon. member for Vancouver North (Mr. MacNeil), we created last year and have begun to operate this year a division of industrial hygiene in the department. I shall certainly make it my duty to have the circumstances he outlines inquired into at the earliest possible moment.

Mr. TAYLOR (Nanaimo): What percentage of this salt of potassium would be in the bread after it has finished yeasting?

Mr. POWER: There is a small amount of bromide.

Mr. MacNEIL: The minister has given permission to the milling interests to continue the use of potassium bromate as an improver. I gather from the minister's remarks that at one stage his technical advisers stated that it should not be used as it might be injurious for human consumption. I should like to know the results of recent tests and analyses that may have been conducted in the departmental laboratory with regard to the use of this salt in flour.

Mr. POWER: I think I should say in fairness to the departmental officials that it was not proven that it was or was not deleterious. If I had the file here I could quote distinguished chemists who said that it was and chemists equally distingushed who said it was not. I think the opinion of the departmental experts would be something like this in a non-technical way: You cannot prove that it is not deteterious; the regulation is there, so let it stay. The only argument I could urge against those who wanted this change was that the regulation was there, so let it stay. I do not have such respect for regulations simply because they are regulations that I want to have to fall back on that argument. There is no danger to anyone. If any difficulty does arise, we shall be glad to tighten up the regulations again.

Another point raised, which required consideration, was as to whether we should insist on the package being labelled, "improved with bromate," or whatever else it was. It was pointed out to us that to do that would almost entirely destroy our export trade in flour, because other countries exporting this product do not make a similar declaration even though the substance is added. The next problem was whether we should insist on this being stated on the package intended for home consumption only. However, it boiled down to this: We thought perhaps we would tolerate it for the time being, at least.

Mr. WOODSWORTH: The minister has been quite frank and I appreciate it.

Mr. POWER: Why not? I have nothing to hide.

Mr. WOODSWORTH: At the same time, I do not think his explanation is altogether satisfactory. Apparently the millers are determined to have this substance in the flour in order that they can export. Officially we do not seem to care whether a customer overseas is poisoned, but in any case we should have regard for our own people. However, since a large part of this production is exported, we must apparently take risks with our own people. That is how it seems to me. When these regulations were in force the millers were held responsible for the purity of their product. That was a definite, positive thing. Now some one will have to be poisoned or will have to go before the courts and prove that bread thus made is not fit for human consumption.

Mr. POWER: No.

Mr. WOODSWORTH: I thought that was the way in which action would have to be taken. What is the procedure?

Mr. POWER: Is it an adulterant?

Mr. WOODSWORTH: What else is it?

Mr. POWER: It does not lower the quality.

Mr. WOODSWORTH: What else is it?

Mr. POWER: It is supposed to raise the quality.

Mr. WOODSWORTH: The former provision was quite clear. The regulation read:

3. Flour shall be the fine, clean, sound product made by bolting wheat meal, and shall contain not more than thirteen and five-tenths (13·5) per cent of moisture, not less than one and twenty-five hundredths (1·25) per cent of organic nitrogen, nor more than two (2) parts per million of nitrite reacting nitrogen, not more than one (1) per cent of ash, and not more than fifty hundredths (0·50) per cent of fibre.

There is a similar regulation with regard to bleached flour. Those regulations were specific and definite and the millers were held responsible for upholding that standard. But there is no standard to-day. They have asked that these regulations be deleted in order that they may use this one particular substance, potassium bromate, as an improver.

Mr. POWER: And others.

Mr. WOODSWORTH: They can introduce a dozen things that they call improvers, and there is nothing to safeguard the public.

Mr. POWER: If the improvers are deleterious to human health, we will check them up.

Mr. WOODSWORTH: How is that to be done?

Mr. POWER: Under the act.

Mr. WOODSWORTH: This is a complete reversal of the previous procedure. Under the former regulations the millers were held responsible, and now some one must prove the product deleterious.

Mr. POWER: We have full authority under section 4 of the Food and Drugs Act.

Mr. WOODSWORTH: What evidence is required? I suppose some one will have to be poisoned and then there will be an investigation.

Mr. POWER: The public would be protected in this case as it is in connection with sausages or hamburgers or all those things.

Mr. McCANN: The explanation given by the minister is perfectly clear and straightforward, and should be grasped easily even by the lay mind. The hon. member for Winnipeg North Centre (Mr. Woodsworth) appears to be making a mountain out of a mole-hill. Potassium bromate is not a deleterious or injurious drug at any time. It has no cumulative effects, and if it is used in the process of baking as an improver for yeast this is done only with the idea of promoting the chemical action which goes on in the process of bread-making. It has been put forward here as an argument against its use that those who are engaged in the trade and handle flour are subject to skin eruptions and other diseases because of the use of potassium bromate. That I may say, broadly speaking, is not the case. There are individuals who are susceptible even to the action of flour on their hands and arms. They have what we call an idiosyncrasy for that type of thing, and it has never been proven that the addition of potassium bromate as an improver of yeast in the making of bread has one iota of effect in producing skin eruptions. If our export flour to hotter climates particularly, Jamaica and the West Indies, demands the addition of an improver of the type of potassium bromate, that is doing nobody any harm, and we are simply adding to the flour something which will help to sell it in those particular countries. Its use even in our own country for domestic purposes does not do one iota of harm.

Mr. MacNEIL: The statement of the hon. member for Renfrew South (Mr. McCann) is most reassuring, but it does not meet the point we have been endeavouring to make this afternoon and this evening. Standards were formerly prescribed, but the door is now more or less wide open to doubtful practices. The minister intimated that the Maple Leaf Milling Company were content to proceed with the processing of their flour without the use of potassium bromate.

Mr. POWER: Either the Maple Leaf Milling Company or the Lake of the Woods Milling Company. I have not my papers before me at the moment.

Mr. MacNEIL: Does that not lead to the conclusion that the same results might be achieved in the quality of bread by the more careful processing of grains, without the use of questionable substances? Certainly, I think we should make a stand against the use of any form of adulterant or improver, if it is possible to process satisfactory and wholesome flour without it. Bread is an article that goes on every table, and it is vitally important that the strictest regulations should exist to protect the public.

Mr. POWER: Every baker has been able to use potassium bromate for years almost ad lib, and he can do so yet. It struck me at the time that it would be preferable, if it were desirable to permit the infusion of this

substance, to have it done scientifically by the miller, to simply throwing the substance in, in handfuls, in a bake shop. I thought it better to control it scientifically, rather than have it done in a haphazard fashion.

Mr. McCANN: With reference to the item of $160,000 for professional and special services in the treatment of sick mariners, might I ask the minister how many hospitals are operated for sick mariners; what is the professional personnel, and how many full time men there are?

Mr. POWER: We have only one hospital, at Lunenburg, and no full-time doctor. We have one hospital guard. We have contracts with about a hundred hospitals all over the country. I have the list here covering several pages, if my hon. friend wants it. Almost all the medical men connected with this service are on a fee basis, and the hospitals receive payment according to the treatments which they give. We have a few part-time doctors on a fixed fee basis, running from $100 a year up to about $2,000.

Mr. McCANN: Does the department carry any compensation for these mariners in the event of accident?

Mr. POWER: No.

Item agreed to.

Industrial hygiene, $11,450.

Mr. MacNICOL: Would the minister give a detailed description of just how industry benefits from this vote?

Mr. POWER: I have a memorandum here on the subject:

The purpose of industrial hygiene is to develop methods for the protection and improvement of the health of industrial workers. It has now become an integral part of any public health program dealing with the prevention of disease.

Comprehensive surveys in many countries and states have shown that illness and injury in industry have increased in direct proportion to the widespread use of hazardous processes and injurious materials in an ever increasing variety of industrial uses. Moreover, unhealthful industrial environment not only causes specific occupational diseases but increases the incidence of tuberculosis, pneumonia and degenerative diseases (heart, kidneys, nervousness) among workers. As the result of increased health hazards and lowered health standards of workers, there have developed serious economic problems.

The first step undertaken by the division of industrial hygiene has been the creation of a technical advisory committee on industrial hygiene.

In that connection we called into consultation representatives of the Department of Labour, representatives of all the provinces, representatives of the universities and of the Canadian Chamber of Commerce and the Canadian Manufacturers' Association, also university professors, as well as representatives of organized labour. We called them in to help us to elaborate a program.

The duties of the committee will be to institute studies in respect of industrial diseases and hazards associated with special industries with a view to determining the problems presented in this field and the methods that may be adopted for their control. Where indicated, special methods that have as their object the reduction of industrial disease hazards will be investigated.

The division of industrial hygiene will conduct special studies regarding illness in industries in cooperation with provincial departments of health. The division will disseminate to the provincial departments of health and to industrial concerns scientific knowledge in respect of industrial diseases gleaned from world-wide research and experience gained in the matter of reducing health hazards in industry.

An endeavour will be made by the division to encourage industrial establishments to adopt a uniform morbidity code, which has been developed by this department in order that sound comparisons may be made with regard to illnesses in various industries. The provinces will be encouraged to take a greater interest in industrial diseases and, where possible, to establish divisions of industrial hygiene. Efforts will be directed towards the development of uniform legislation in regard to sanitation of industrial establishments with the object of obtaining equitable and uniform standards for the provinces and control of industrial diseases throughout the country.

It is believed that as a result of the activities of this division measures may be adopted to reduce working hazards in industry generally.

Mr. MacNICOL: Is not all that now taken care of by the provincial departments of health, and if so, is not this department merely supplementing or assisting in some way in the work the provincial departments are doing?

Mr. POWER: The work is really collecting information and making studies which will be of some use to the provinces. At the present time three provincial governments have branches of industrial hygiene—Ontario, Quebec, and, I think, Manitoba; but it is possible, by research work and studies of what is going on in other countries, that we may be able to obtain for the provinces information which will be very helpful to them. It is not intended that we should go into industrial establishments and undertake their supervision, by putting into effect factory laws or regulations for the prevention of accidents. It is rather the study of occupational diseases, which workmen's compensation boards have had neither the time nor the opportunity to

study. I must say that Ontario has made more progress perhaps than any country in the world with respect to silicosis, and it will not need our assistance in that regard.

Mr. MacNICOL: The discoveries made by the department are simply passed over to provincial departments?

Mr. POWER: Yes.

Item agreed to.

Miscellaneous grants—Grant to the Canadian Welfare Council, $8,100.

Mr. McCANN: I notice that the grant to the Canadian Welfare Council this year is $8,100, but the grant last year and for a number of years was in the neighbourhood of $13,100. I should like to pay tribute to the council as one of the voluntary agencies in this country which has been carrying on public health work. The fact that the grant is not as large as it has been in previous years is not because the organization is doing any less work or less important work, but there has been established in the department a public health branch which will take up maternal and child welfare and thus relieve the council of some of the work it has been doing for the public health of the dominion. I believe that in paying tribute to the Canadian Welfare Council I voice the sentiments of those who are engaged in health work in Canada and of those hon. members who are interested in public health activities. I agree that the right policy is being followed by the reestablishment within the department of a division of maternal and child welfare which will gradually take on the work that was formerly done by the department and which for the last number of years has been done by the Canadian Welfare Council.

Item agreed to.

L'Association Canadienne Francaise des Aveugles, $4,050.

Mr. McCANN: What particular work is being done by this institution?

Mr. POWER: This is the French-Canadian association for the blind.

Mr. McCANN: Is the institution indicated in item No. 249 an association for the blind?

Mr. POWER: It also is an institution for the blind.

Item agreed to.

Montreal Association for the Blind, $4,050.

Mr. WOODSWORTH: Why the grant for the Canadian National Institute for the blind and the special grant to the Montreal association? Is not the Montreal association connected with the other?

Mr. POWER: They do not seem to work together. They have never done so. I do not know which has seniority, but they both do very good work in their separate fields. I believe the Montreal institution for the blind was founded by a Mr. Layton—probably the hon. member remembers him—who has been prominent in working for the blind and particularly in pressing for pensions for them. For some reason or another this association has never coordinated its efforts with those of the Canadian National Institute.

Mr. WOODSWORTH: Is there any overlapping?

Mr. POWER: I do not think so. I think the Montreal institution looks after the English speaking blind in the province of Quebec, and there is some kind of agreement that, so to speak, one will keep out of the other's territory. I do not believe there is anybody outside the province of Quebec who belongs to the Montreal institution.

Mr. WOODSWORTH: May I ask how many people are treated or helped?

Mr. POWER: I do not know that I can give the hon. member the number. I can tell him what work is being done. This association operates a school for the blind and an industrial home in Montreal. Its activities include a boarding school for the blind and partly blind boys and girls, a workshop for blind men, a workshop for blind women, a boarding home for blind men, a residence for blind women. It has a lending library of over 2,000 volumes in braille, a home teaching and social service department; glasses are distributed free to needy patients; there are pensions and money allowances, food, coal and clothing; and social activities which are attended by blind people from all over the city. We have given the same amount each year since 1927.

Mr. WOODSWORTH: The minister has no information with regard to the numbers?

Mr. POWER: No; I have not it here.

Item agreed to.

Grant to the Canadian Red Cross Society, $10,000.

Mr. PELLETIER: This grant to the Canadian Red Cross society is $10,000. I notice that the grant to the Victorian Order of Nurses is $13,100. Why should the grant to the Red Cross be less than the other?

Mr. POWER: I really do not know, but the answer I am given is that the Red Cross society has been in existence the shorter time, and probably it has not got accustomed to getting any more. I will say this, that the Canadian Red Cross society would like to get a larger grant, and I should like to give it to them if I could.

Mr. PELLETIER: I believe that is just as frank a statement as I have ever heard a minister make in this chamber. I notice that the Canadian Red Cross society is putting on an intensive campaign for funds, and its work is well known to everybody. I think the minister should very favourably consider any application on its part for an increased grant. It is doing wonderful work, and its organization is probably as large as that of the Victorian Order of Nurses. If the Red Cross society applies to the minister for an increased grant, I would appeal to him to give it favourable consideration.

Mr. POWER: I make speeches in favour of their having more funds, but I am very sorry to say that I have not been able to get them any more. They are entitled to it; I have no objection to saying that.

Mr. McCANN: How many outpost hospitals have the Canadian Red Cross?

Mr. POWER: Roughly, forty. I have not here all the details of the work of the Canadian Red Cross, but they do excellent work in their outpost hospitals and in many other places.

Item agreed to.

Grant to the Canadian Dental Hygiene Council, $2,500.

Mr. BENNETT: Why this increase?

Mr. POWER: It is increased as a result of representations made in this committee last year that the $750 then granted was a ridiculous amount to vote. I agree.

Mr. HEAPS: What work does this organization perform?

Mr. POWER: It organizes surveys and puts on campaigns in the different provinces to look into the care of the teeth mostly of school children, but of adults also. It goes from province to province and carries on the work generally throughout the year, but every year or so it takes on a campaign in one particular province, in the way of dental health education, at the request of the provincial department. It does exceedingly good work.

Item agreed to.

Pensions branch—Pensions and other benefits —Pensions payable to men on active service, Northwest rebellion, 1885, and general pensions, $20,000.

Mr. BENNETT: Some representations were made that some of those who participated in the rebellion of 1885 had been overlooked, and there was communication with the department. Have their difficulties been adjusted?

Mr. POWER: My only recollection is that certain veterans of 1885 made representations that they also should come under the War Veterans' Allowance Act. They probably thought this was a new form of pension, because it is evident that anyone who served in the rebellion of 1885 and is now indigent would come under old age pensions.

Mr. MacNEIL: Are the men who receive small pensions under this item entitled to unemployment assistance if they require it?

Mr. POWER: I do not think we have ever had an application. I think we could arrange it, because the regulations with respect to unemployment assistance are pretty wide and it might be possible to look after them.

Item agreed to.

Services to veterans and dependents—Care of patients, $3,045,287.

Mr. MacNEIL: When we were discussing hospitalization last night I was going to ask the minister some questions regarding orthopaedic appliances. Are all those who suffer from pre-enlistment disabilities aggravated by war service entitled to such appliances?

Mr. POWER: Any appliance that has to be used or worn on account of a disability incurred or aggravated on service is given to the applicant.

Mr. MacNEIL: Quite a number of men have complained, and on investigation of some of these cases there was a doubt as to their eligibility for assistance in this form. I have on my file a copy of a letter from the director of medical services indicating that appliances could not be given to men whose disability was aggravated during service.

Mr. POWER: If the hon. member will inform me of one case, I shall have it adjusted. Certain abuses of that kind have crept in, and if he will show me a service aggravated case where a man needs an appliance he will get it. He will get it whether the case is aggravated or incurred on service.

Mr. MacNEIL: A number of men who formerly, for quite a number of years, received special boots from the department

have had the issue of boots discontinued, and I am at a loss to understand why they should be denied that assistance. If a man has any actual disability which through the years has necessitated his wearing a special boot, and if he is not now provided with such boots and is unable out of his own resources to secure them—because they are fairly expensive, being specially made—the very loss of that form of assistance constituted a disability. I have in mind special cases of men who are making an effort to remain at work, and they are carrying on with difficulty because they no longer receive these special boots.

Mr. POWER: I understand that in some cases orthopaedic boots would not always be needed. A man's condition may have so improved by the use of a boot that he would not need a second or third or fourth supply as the case may be. I understand that in 1932 or 1933 there was a review of all these cases, and there was perhaps a certain shrinkage in the number of those receiving boots. I would point out in the first place that there is no departmental policy that an aggravated case is not entitled to boots. In the second place, any of the cases brought to my attention where the free issue has been curtailed owing to the tightening up of rules and regulations in 1932 and 1933 have been attended to, and some way has been found of having the issue made; that is, when the consultant says that boots are necessary. I would not give a man a pair simply because he said he wanted them, because they cost $13 or $14.

Mr. MacNEIL: With reference to men awarded pensions under section 21 of the Pension Act, for compassionate or meritorious reasons, are they entitled to medical treatment as class one patients, on the same basis as other pensioners?

Mr. POWER: No. Under the regulations it would appear that treatment is given only for disability incurred or aggravated on service. Section 21 provides for the man who cannot get a pension under the pension law. Up to the present I do not know of any case where treatment has been refused, but the regulations have never covered it. Again, however, I say to my hon. friend that if he knows of a real case where a man who had service in France needs treatment and has not the means of obtaining it, I shall see that he gets it.

Mr. MacNEIL: On a former occasion the minister gave the names of the staff employed in the pension department at Shaughnessy military hospital, Vancouver. Can he give the staff so far as medical treatment is concerned? I am referring to the medical staff, and also the number of consultations.

Mr. POWER: The names are: G. C. Derby, the district administrator; Dr. J. H. Jones, Dr. F. H. Mahood, Dr. J. S. McCallum; Dr. J. Brown; Dr. A. B. Schinbein; Dr. W. A. Wilson; Dr. C. S. McKee; Dr. G. Draeseke; Dr. W. W. Kennedy; Dr. H. H. McIntosh; Dr. A. A. McRae.

Mr. MacNEIL: Are any of those on the permanent staff permitted to engage in private medical practice?

Mr. POWER: All the part-time officers are on the permanent staff, in that they are permanent civil employees; but if my hon. friend means full-time employees, to my knowledge they do not carry on private practice.

Mr. McCANN: I assume that this amount of $3,045,287 is for the medical care of the returned men. I really am at a loss to understand why, twenty years after the close of the war, it should cost so much for the hospitalization of those who were engaged in the war and who need the care of medical men. Everybody understands that it is costly to maintain hospitals, and I give way to no man in my desire to see the returned men well looked after. We are maintaining eight hospitals in Canada for returned soldiers. An investigation ought to be made with a view to establishing homes for these men. They could be as well looked after in returned soldiers' homes as in up to date hospitals with permanent, full-time officials and a full staff. If we are at the present time spending over $3,000,000 a year, twenty years after the close of the war, we have made no progress in that time in the method of caring for these men. We could well afford to have homes for them where they would be assured of all the comforts they would have if they were in good circumstances in their own homes. These institutions could be supervised by competent officials, and these returned men could have visiting, part-time medical services, and be just as well off at perhaps half the cost. I would recommend that the government give serious consideration to revamping the whole system of taking care of returned men.

Mr. POWER: I have heard this same proposal made by others, including one association of returned men, who said they thought that by this time we should give up our departmental hospitals and place all soldier patients in civilian hospitals. But I do not believe the cost would be much if any less

than under the present system. I put the suggestion to other returned soldier associations; I discussed it informally with the members of an association at a convention, and I was told it would not be popular with the soldiers to place ex-soldier patients in civilian hospitals. In the hospitals under the department they have the comradeship of their own friends; they have returned soldier doctors, nurses and orderlies; they are treated as a class by themselves. I do not believe it would please the ex-soldiers if I were to adopt the suggestion of my hon. friend, although I admit it was strongly pressed upon me by a returned soldiers' organization, so he is by no means alone in his view.

Mr. MacNEIL: Is it not true that practically all those now in the hospitals are there solely for the purpose of actual remedial treatment, as determined by departmental medical authorities, pursuant to P.C. 91?

Mr. POWER: Not quite all. Not half.

Mr. MacNEIL: Is there any substantial number in the hospitals merely because they require domiciliary care?

Mr. POWER: The number is 378, to be exact, and my hon. friend must remember that we have a number of mental cases.

Mr. GREEN: How many veterans, both in-patients and out-patients, received treatment in these departmental hospitals during the last fiscal year?

Mr. POWER: The number runs from 2,300 to 2,500 every day in the year. I do not think it went over 2,500. It goes up in the winter and down in the summer.

Mr. GREEN: The figures given in the report of the department, page 27, show 2,212 in-patients and eight out-patients, or a total of 2,220, as at March 31, 1937. Was there a smaller or a larger number on March 31, 1938?

Mr. POWER: I think there is a difference of about 100. In 1937 there were 2,220; in 1938, 2,105. These consist of the three major classifications: general treatment, tubercular, and mental. I have not the total here; we have to add those in other hospitals, provincial mental hospitals. In British Columbia I believe there are about ninety-eight; they would not be included in this figure. And there are some in Saskatchewan.

Mr. GREEN: In view of the fact that the numbers are decreasing, yet we still have the hospitals and the staffs, would it not be possible to extend hospital treatment to men who are not pensioners, although they have gunshot wounds, and also to recipients of the war veterans' allowance?

Mr. POWER: A large number of these are being taken care of now.

Mr. GREEN: But some provision could be made for them.

Mr. POWER: I do not want to make any regulations which would restrict any chance I may have of doing this. I prefer to carry on as we have been doing and allow as many as possible in under the present regulations. I think we are doing that fairly successfully.

Mr. GREEN: Has the minister the figures for the last few years showing the number of admissions and cost of care of patients and of hospital allowances?

Mr. POWER: It is in the annual report every year, but not yet available for this year.

Mr. McCANN: How do your costs compare with civil institutions?

Mr. POWER: They are lower than the average for civilian institutions. It does not cost us any more to look after our own patients than it would to put them in civilian hospitals.

Mr. McCANN: Is it not a fact that there are many in these hospitals who are not under treatment but who are there more for the purpose of having a home?

Mr. POWER: Yes; 378 of them.

Item agreed to.

Miscellaneous grants—Grant to the Association des Medecins de Langue Francaise de L'Amerique du Nord, $5,000.

Mr. PELLETIER: For how many years has this grant been made to this association?

Mr. POWER: They do not meet every year; it is about every second year.

Mr. PELLETIER: How many times has a grant been given to this association?

Mr. POWER: I know they had it about 1934 and 1936. I cannot say whether they had it in 1932.

Mr. PELLETIER: What is the purpose of this grant, and what services are these people performing?

Mr. POWER: This is a conference of the French speaking doctors of North America. As a matter of fact, this year they are using the money, as I think they did on a former occasion, to bring distinguished medical men from the old country.

Mr. BENNETT: From Paris.

Mr. POWER: They brought someone from Paris on the last occasion, and I know it is their intention to do so this year. Whether it is one doctor or more, I cannot say. My hon. friend probably knows that a large proportion of the French-Canadian doctors and French speaking doctors throughout America received their education in Paris, and in order to keep in touch with medical knowledge over there and apply it in their work they found it essential to form an association of their own and to bring people over who would keep them in touch with the latest developments.

Mr. PELLETIER: At what place is the convention to be held this year?

Mr. POWER: It was in Ottawa the last time; this year I think it is to be in Montreal, but I cannot say for certain.

Item agreed to.

Progress reported.

On motion of Mr. Dunning the house adjourned at 10 p.m.

Monday, May 30, 1938

The house met at three o'clock.

CRIMINAL CODE

AMENDMENTS WITH RESPECT TO RECKLESS DRIVING, SALTING MINES AND MINE SAMPLES, ETC.

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved for leave to introduce Bill No. 137, to amend the criminal code.

He said: This bill purposes to make fifty-five or fifty-six amendments to the criminal code, twenty of which relate to procedure. I shall not try to give the particulars of all the amendments but the most important relate to reckless driving, salting mines and mine samples, common gaming houses, et cetera.

Motion agreed to and bill read the first time.

[Mr. Pelletier.]

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADIAN NATIONAL RAILWAYS—OFFICIAL PRIVATE CARS

Mr. LAPOINTE (Matapedia-Matane):

1. What number of Canadian National railways system officials have a private car at their disposal?

2. How many officials on the Atlantic and central regions had repairs made to their cars during the last twelve months?

3. How many of such officials keep a chef by the year for their private car?

4. What number of Atlantic and central regions employees receiving a salary of $100 or less per month were laid off on account of curtailment during the last twelve months?

Mr. HOWE:

1. Executive, operating, traffic, and other officers of the Canadian National Railways are provided with a business car when their duties in travelling over the territory under their jurisdiction require such use.

2. Two business cars were given general shopping on the Atlantic region and six on the central region. In addition, three cars on the Atlantic region and eight on the central region were sent to the shops for light attention.

3. A chef is placed in charge of a business car when under movement.

4. No special record is kept of laid-off employees. To give an accurate answer to this question would involve an analysis of twenty-four semi-monthly payrolls over a period of twelve months covering between forty and forty-five thousand employees, which could only be done at the cost of considerable time and labour.

NEW YORK STATE LEGISLATION RESPECTING NURSES

Mr. CHURCH:

1. Has the attention of the government been called to the Todd Bill which requires all nurses in New York state to be United States citizens?

2. Will an inquiry be made by the government into the case of several Canadian nurses living in Fort Erie but working in the Buffalo hospitals for many years who are to come under the Todd Bill and who have been summarily dismissed from Buffalo hospitals, and also in other points in New York state?

3. Will any action be taken by the government through the Department of External Affairs to endeavour to adjust the matter for these Canadians?

Mr. LAPOINTE (Quebec East):

1. No.

2. Yes.

3. The question of action to be taken will receive consideration.

MOTION FOR PAPERS

KOOTENAY FLATS RECLAMATION

Mr. STEVENS:

For a copy of all letters, telegrams, reports, orders in council and other documents, dated from April 1, 1930, to date, in connection with the reclamation of the Kootenay flats at or near Kootenay Landing, British Columbia.

MUNICIPAL IMPROVEMENTS

AUTHORIZATION OF LOANS TO ASSIST MUNICIPALITIES IN MAKING SELF-LIQUIDATING IMPROVEMENTS

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to bring in a measure to authorize the Minister of Finance with the approval of the governor in council to enter into agreements with urban or rural municipalities to make loans not exceeding in the aggregate $30,000,000 to enable such municipalities to pay the whole or part of the cost of constructing or making extensions or improvements to or renewals of a municipal waterworks system, municipal gas plant, municipal electric light system or any other self-liquidating municipal project, provided that the province in which the municipality is situated approves the application for the loan and the project to be financed with the proceeds of the loan, and agrees to guarantee the repayment by the municipality of the principal of and interest on any such loan; and to provide that the interest on any such loans shall be two per centum per annum payable half yearly, and that any loan shall be amortized by semi-annual payments sufficient to pay off the full amount of the loan during a period not longer than the estimated useful life of the project; also to provide for the employment and payment of a temporary staff necessary for the administration of this measure.

He said: His Excellency, the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

PRIVILEGE—Mr. CAHAN

IMPERIAL CONFERENCE OF 1926—DESCRIPTION AS SEPARATIST MOVEMENT FROM BRITISH COMMONWEALTH

On the orders of the day:

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, on Thursday last, on a question of privilege, the hon. member for St. Lawrence-St. George (Mr. Cahan) took exception to a statement I had made on the evening of May 24, and said that statement was entirely a misapprehension of the attitude that he had taken when discussing the imperial conference resolutions of 1926. I accept entirely what the opinion of my hon. friend is with regard to those resolutions. I may say that the extracts from Hansard which he made were certainly not those upon which I had based the comment I offered. However, as I do not think it is pleasant to be considered as misrepresenting any hon. colleague, I may say there are other extracts which are not quite as complimentary. I shall quote only one of them.

When the imperial conference of 1926 was discussed in the house in 1927 my hon. friend said, at page 1736 of Hansard:

He now seeks—

He being the Prime Minister:

He now seeks by the tacit approval of this house, not having the courage to present a report of his own work for its approval and confirmation, to proceed to disrupt every one of these constitutional ties which bind and connect us with Great Britain and Ireland and with the dominions beyond the seas. And while he has endorsed and proposes to carry out a policy of disruption and destruction, he has not one single positive idea to present to this house as to the formation of any new convention or as to the new alignments and political connections which are absolutely necessary if the position of Canada is to be maintained in this world.

I only say that at least I must be excused for having made the comment I did, and I am quite pleased that it does not represent what is the attitude of my hon. friend.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, I do not wish to enter into a prolonged discussion with the right hon. gentleman (Mr. Lapointe), but if I follow him, he is reading from the 1927 debates, is he not?

Mr. LAPOINTE (Quebec East): Yes.

Mr. CAHAN: He is reading from the 1927 debates, when another phase entirely of the question was under discussion. Oh, I know of the 1927 debates and recollect them very

clearly. In 1927 the discussion arose upon addresses which had been delivered by right hon. gentlemen opposite. One was by the right hon. the Prime Minister of that day in Toronto; that was under discussion. I was then discussing another phase of the question entirely, particularly that the right hon. the Prime Minister had pledged himself publicly to submit the imperial conference resolutions for the approval of the house, and had afterwards refused to do so. He himself and the right hon. gentleman (Mr. Lapointe) had given interpretations which I did not think were clearly expressed in the resolutions, as I have stated. My own opinion with regard to those resolutions is expressed and their real implications are contained in addresses which I gave in December, 1926, and also in May, 1928, from which I read to this house, and I am quite prepared to submit what I said on all three occasions to the judgment of the right hon. gentleman and to the house.

I did not state that the right hon. gentleman had deceived the house. I said that his comments were due to a misapprehension on his part of the real tenor of those discussions. Certainly I adhere to everything I then said, so far as my memory is clear as to what I did say.

Mr. LAPOINTE (Quebec East): Mr. Speaker, on a question of privilege—and it is a question of facts now,—I have the right to say what the facts were.

My hon. friend said that I did not refer to the debates of 1927, but if he will look at Hansard of May 24, containing the remarks to which he took exception, he will see that it was exactly the debates of 1927 that I was referring to. I said:

> Those who were in this parliament in 1927 will remember that my right hon. leader and I were strongly criticized, not perhaps by my right hon. friend—

Meaning the leader of the opposition.

> —for I do not believe he took part in that debate; he was absent from the house—but by the then leader, the Hon. Mr. Guthrie, and the hon. member for St. Lawrence-St. George.

And it was in that debate that my hon. friend uttered the words which I have just mentioned—"disruption and destruction." That had nothing to do with the fact that the report had not been submitted to parliament for approval. My hon. friend was emphatic; he has a good memory and must remember having used the words "silly," "foolish," "half-baked," and such. I learned some words during that debate.

Mr. CAHAN: I am grateful to the right hon. gentleman for referring to the debates, and I commend those debates to hon. gentlemen sitting opposite as well as to those sitting on my side of the house. I think a reading of them will not bear out the interpretation which the right hon. gentleman, through a misapprehension, gave the other evening, or the misapprehension he has expressed to-day.

Mr. LAPOINTE (Quebec East): All's well that ends well.

GRAIN HANDLING AT QUEBEC

RATES FOR HANDLING FROM LAKE VESSELS THROUGH ELEVATOR AND FREE STORAGE—QUESTION OF TABLING DOCUMENTS REFERRED TO

On the orders of the day:

Hon. C. D. HOWE (Minister of Transport): Mr. Speaker, at the last sitting of the house the hon. member for Kootenay East (Mr. Stevens) asked a question having to do with the handling of grain at the government elevator at Quebec, and referred to the questions placed on the order paper by himself and the answers that had been furnished to those questions. Those questions were fully and accurately answered. The matter was again discussed on the estimates when the vote for the national harbours board was up, and I think a full explanation and a complete statement of the facts was given at that time.

The first question, and apparently the one that is disturbing my hon. friend, was this:

> 1. Has the Minister of Transport recently concluded a special agreement with the Louis Dreyfus and Company or any of its allied or subsidiary companies for the handling of grain through the government elevator at Quebec?

The answer to that is not only "no," as given, but I can go further and say that the government never at any time considered concluding a special agreement with Louis Dreyfus and Company.

The situation that did arise, as I explained on the estimates, was that at the opening or before the opening of navigation, the government discovered that a differential rate had been applied to Quebec as against Montreal by lake carriers. The reason Louis Dreyfus and Company came into the scene at all was that earlier in the season they had notified the harbours board that they intended to make considerable use of the Quebec elevator this year. In 1933 or 1934, I am not sure which, a similar situation arose, in that the lake carriers applied a higher rate from the head of the lakes to Quebec than from the head of the lakes to Montreal. At that time shipments involved Canadian grain, and the board intervened by ruling that the lake carriers must remove the discrimination between the two ports.

In this season the situation differed somewhat in that the grain to be carried was United States grain, over the transportation of which the board of grain commissioners does not exercise jurisdiction. Therefore the question arose as to how this discrimination could be removed. Some discussion took place between a representative of Louis Dreyfus and Company and a member of the harbours board suggesting compensating for the carrier differential by a reduction in elevator rates. It was of course thoroughly understood by both parties that if any reduction of rates was made it would apply to any user of the Quebec elevator. In the course of that discussion I understand that a letter was written by a member of the harbours board to a representative of Louis Dreyfus and Company, asking whether the statement contained in the letter was a correct understanding of a previous conversation. After this letter was written the differential in lake rates was removed, by negotiation with the shipping lines, so that any necessity for a special tariff or a special commutation of elevator tariffs was removed. As I told the house in committee, a special commutation was made, and is to be found at page 2979 of the Canada Gazette. That commutation represents the only difference in the charges on grain through government elevators as between Montreal and Quebec.

The effect of that commutation is that in the period from May 18, 1938, to August 30, 1938, there will be no storage accrued against grain moving in full cargoes from the Quebec elevator. The tariff was published in the Canada Gazette, based on the commutation which, as I say, was passed by order in council. I will now file that tariff and will make the further remark that all grain handled at Quebec or to be handled at Quebec up to August 30 of this year will move on the rates set out in this tariff.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, I must respectfully request however that the letter to which the minister has now referred as having passed between a member of the harbours board and the Dreyfus Company be tabled. It was that request I made the other day; the minister now having himself referred to it makes it doubly important that this be done. I now request again that the letter be tabled for the information of hon. members.

Mr. HOWE: I may say the letter referred to was marked private and confidential, and was sent by a member of the harbours board—it was not sent officially by the harbours board—to a representative of the Dreyfus Company, and was addressed to him personally. The letter had no effect, as the negotiations to which it referred were not consummated. When we consider that the national harbours board is engaged in a competitive business I think we can all agree it is not in the public interest to table letters passing between a member of the harbours board and any firm or individual referring to negotiations which are not consummated. Therefore I must decline to table the letter referred to by the hon. member for Kootenay East.

Mr. STEVENS: Mr. Speaker, with all due respect, and again on the orders of the day: in the first place, marking as private and confidential a document dealing with the conduct of public business is not sufficient excuse for not producing it in the house. In the second place, the document having been referred to in the observations of the minister himself, the rules of the house provide that it is competent for a member to request that it be tabled. In the third place, the question of the confidential character of a communication certainly cannot be extended to a document passing between the national harbours board and a firm doing business and, according to the minister's own statement, having under way negotiations for a variation in the fees or tolls fixed by a statutory body, namely the board of grain commissioners. I must again submit that the letter ought to be—indeed under the circumstances should be—tabled.

Mr. HOWE: I would simply say that a question was asked by the hon. member about this particular letter, and was answered by myself. The only reference I made to the letter was in reply to a question which bore directly on the letter.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, the issue is far larger than a controversy between the Minister of Transport (Mr. Howe) and an hon. member of the house. It is a matter of extraordinary importance. I do not think any words I could use would be language too strong to employ in dealing with the matter.

A member of a public tribunal created by this parliament has seen fit to write a letter to a member of a firm which does business with this country. There cannot be anything personal about that, if it touches public business. He can write about visiting the city, or he can write about social engagements, but the minute he touches upon public business he has no privacy. He cannot protect himself by putting "personal" on the letter,

and the rights of the House of Commons so much transcend that that I trust the minister will not arrive at a hasty conclusion with respect to it.

I wonder if he realizes just what is involved. I had occasion to traverse this matter with a great deal of care some years ago when I was leader of the opposition, as I still am. I had difficulty in dealing with a matter in which certain correspondence was marked "private." The minister properly took the view that it had to be introduced and was on the file. Then the further question arose as to whether or not we had a right to have laid on the table of the house a letter to which he referred. The Speaker had to rule in accordance with the rules of the house, that when a minister refers to a public document in the course of his observations he must table that document, because he cannot deal with it when other members of the house are not permitted to see it. He cannot place his construction upon a document which I might not know about, and which I cannot see.

Mr. POWER: That was the Simcoe post office?

Mr. BENNETT: Yes. The Minister of Pensions and National Health is quite right. It was in connection with the Post Office Department. I do not recall the exact letter, but it was under that department—whether it was the Simcoe office or not, I cannot say. However I believe the hon. member was interested in the matter at that time, and probably will have a very good memory with respect to it.

The reason for the rule is obvious. Let us look at it for a moment. A member of the government, having access to public papers, sees fit to refer to those papers, and to place upon the contents of the document the construction which suits him, when presenting his case to the house.

Mr. DUNNING: That is not the case in this instance.

Mr. BENNETT: Yes, it is the case in this instance. The hon. member for Kootenay East (Mr. Stevens) asked for some information which he did not get. He thereupon asked for definite information with respect to a letter. The minister admits that he has the letter but he says, "This is a personal letter written by a member of the board to somebody who is a member of Dreyfus and Company".

Mr. HOWE: May I correct my right hon. friend?

Mr. BENNETT: Certainly.

[Mr. Howe.]

Mr. HOWE: I may say that I have never seen the letter. I have never seen it and I do not know whether it is in existence; it is certainly not in any file of the department.

Mr. BENNETT: That makes the minister's case so extraordinary as to cause me to wonder how he can possibly stand in his place and make the statements he has.

Mr. MACKENZIE (Vancouver): It is quite true.

Mr. BENNETT: Yes, it is quite true—what I say. Anyone would wonder how a minister of the crown could stand in his place and make that observation, how any minister could stand up and say, "I don't know what is in the letter; I do not know whether it exists; I have never seen it". That is monstrous. Surely the minister does not mean that. Think what that means. He is a responsible minister of the crown and this is a responsible government, not a dictatorship. The minister says, "I don't know what is in the letter but I have been talking about it. I don't know whether it exists or not, but I have been talking about it. I have never seen it, but I have been talking about it." Can anyone imagine a responsible minister doing that? I say, the minister must have an entirely erroneous impression of what the duties of a minister of the crown are. Does he realize what his responsibilities are? There are those sitting beside him who can tell him.

Mr. LAPOINTE (Quebec East): To what item is my right hon. friend speaking?

Mr. BENNETT: I am speaking to a question of high privilege—a privilege of the house.

Mr. LAPOINTE (Quebec East): Privilege?

Mr. BENNETT: Yes, privilege of the House of Commons. If I am to find myself unable to deal with public matters because I cannot get access to papers to which a minister may refer, then the House of Commons becomes nothing more or less than a rubber stamp.

Mr. LAPOINTE (Quebec East): The rules provide the way to order the production of papers.

Mr. BENNETT: The rules do more than that. The rules provide that when a minister of the crown refers to a public document he must table it.

Mr. LAPOINTE (Quebec East): It was the hon. member for East Kootenay who did.

Mr. BENNETT: Just imagine anyone seeking to cover himself up with a statement such as that. Can anyone imagine it? The hon member for East Kootenay asked a question about a document, as he had a right to do, having ascertained that there was such a document, and a minister of the crown now says, quite calmly, "I don't know whether there is such a document."

Mr. MACKENZIE (Vancouver): The rule is as follows:

It has been admitted that a document which has been cited ought to be laid upon the table of the house, if it can be done without injury to the public interest. The same rule, however, cannot be held to apply to private letters or memoranda.

Mr. BENNETT: Why, of course not. Now we have the more beautiful sight of a minister of the crown asserting that there can be anything like a private communication between a member of the harbours board and Dreyfus and Company with respect to public business. Imagine that!

Mr. MACKENZIE (Vancouver): We have the more beautiful sight of the leader of the opposition agreeing with the member for East Kootenay.

Mr. BENNETT: That, Mr. Speaker, only illustrates the calibre of the ministry. Are there on the treasury benches men who are unable to understand that public business may transcend personal differences? Are there upon the treasury benches men who cannot understand that the public interest is paramount? I occupy a position in which I am placed by statute, and one of my duties is to do exactly what I am doing, to try to safeguard the liberties of parliament from encroachment by the government of the day. That is my duty. That is one of the difficulties of the position which I occupy, and I will discharge that duty whether it be on behalf of a member of the opposition or of any other party when there is tyrannical exercise of power on the part of the government by reason of a great majority, enabling the administration to destroy the liberties of this parliament, which have been secured in the manner we all know. When that happens it is my unfortunate duty to protest against such an encroachment upon the liberties of members of the house, and I propose to do it so long as I am here.

What is more, there is not a thoughtful member of this house, who, if he will take the time to consider it, will not realize what is meant by carrying into effect the suggestion of the Minister of Transport. Do you realize, Mr. Speaker, where it ends, what the result of it is. Let the Minister of Justice read the rule which I intended to refer to and which was read by the Minister of National Defence (Mr. Mackenzie).

Mr. LAPOINTE (Quebec East): I have others.

Mr. BENNETT: Oh, there are others. I am familiar with them, because I have traversed them all. They are all on the record of Hansard in connection with the post office case. In the previous case in connection with the post office the Speaker had ruled that the documents should be brought down, and they were brought down, and they resulted in bringing a very unpleasant and unhappy picture before the House of Commons in connection with patronage.

I submit that before any hasty action is taken with respect to this matter the government should look very carefully into the authorities. They should look up those authorities before, with their majority, arriving at any such conclusion as has been suggested. You, Mr. Speaker, should not be too ready to agree to the suggestion made by the government that the documents in question should not be laid upon the table; for I am satisfied that they would be laid upon the table in any representative institution under the British flag, when it is remembered that, in the first place, we are dealing with a communication written by a member of a public body with respect to public business, addressed to a great firm of wheat dealers, and dealing with a matter of public concern. That is the first point. The second is that it has been referred to by a minister of the crown although he now says he has never seen it. I suggest that the sooner he sees it and tables it the better for the country, because any reference made to a document of that kind entitles every member to have an opportunity to see it. The minister cannot be at once the judge and the advocate. He cannot advocate a certain attitude of mind and then assert himself to be the judge whether it is in the public interest or not. The Prime Minister might, peradventure do that, but the minister cannot.

Right Hon. ERNEST LAPOINTE (Minister of Justice): The rule to compel the production of papers is very clear indeed, as are all the comments under it. Standing order 51 provides:

Notices of motion for the production of papers which the member asking for the same intends to move without discussion, shall be

marked by him with an asterisk and shall be placed by the clerk on the order paper above "Notices of Motions" under the heading "Notices of Motions for the Production of Papers." All such notices when called shall be forthwith disposed of; but if on any such motion a debate be desired, it shall be transferred by the clerk to the order of Notices of Motions.

First, if my hon. friend from East Kootenay wishes the production of any letter or papers it must not be done by discussing a question of privilege and giving to my right hon. friend himself (Mr. Bennett) an opportunity to make remarks which he would not have the right to do on Notices of Motions for the Production of Papers, because if a debate ensued that motion would have to be transferred to the Notices of Motions and to await its opportunity to be discussed.

Mr. BENNETT: The question of privilege I was discussing was not that.

Mr. LAPOINTE (Quebec East): I will come to the other question of privilege, but first I will quote the rules. Paragraph 433 of Beauchesne says:

Papers are laid before the house in pursuance of

(1) Provisions of an act of parliament;

That is not this case.

(2) An order of the house;

That would be the only way, I suggest, to have the production of that paper, but it has not been done.

(3) An address to the crown.

That was not done in this case.

(4) The command of the crown;
(5) Standing orders of the house.

These are the five cases in which papers have to be laid on the table when requested.

Mr. BENNETT: This involves a question of rates, and therefore would have to be laid before the house.

Mr. LAPOINTE (Quebec East): Well, this is not the time to discuss that. If my hon. friend wants the papers produced he has to ask for them in the regular way, not simply by asking a question about a certain letter which he alleges to have been sent and which the Minister of Transport says he has never seen. My hon. friend resorts to the other rule, that if a minister of the crown makes use of a document he has to table that document. But when did the Minister of Transport make use of that document? The hon. member for Kootenay East alleges a document, speaks about it; the Minister of Transport says he has not seen it. I cannot see how my right hon. friend can work himself into a state of fury because this paper has not been tabled, especially when it is not even in the possession of the Minister of Transport. Time and again, not only when a question is asked but on motions for production of papers, when they relate to papers in the hands of a commission, such as the harbours board, the answer is that the house might carry the motion, but that of course it would be forwarded to the proper authorities in order to ascertain whether the document in question can be produced and filed. We may be guilty of many reprehensible things, but if I never have anything more on my conscience as a public man than this alleged letter, addressed by someone to a member of the harbours board, which the Minister of Transport has never seen—

Mr. BENNETT: He talks about it, though.

Mr. LAPOINTE (Quebec East): I am afraid the next Conservative convention will not find material there to build a platform on.

Mr. STEVENS: The matter cannot be disposed of in that way—

Mr. SPEAKER: What is the hon. member speaking on now?

Mr. STEVENS: I am speaking to a question of privilege and rights, in view of the attitude of the government.

On May 6 I submitted in the proper way certain questions. On May 18 these questions were passed as an order for return. I do not know why that should have been done, but it was asked by the government and the house concurred. The return simply answered the word "no" to five of the questions. One of those questions had to do with a special agreement with Louis Dreyfus and Company regarding the handling of grain. I ask the house and the government to bear in mind that that question was asked on May 6. Today the minister gave a lengthy verbal answer to that question. He referred to the letter as having been written by a member of the national harbours board to the Dreyfus company; but, he said, as nothing happened as a result of that letter, there is no object in tabling it. Then he added, "I will now table an order in council amending the grain charges." I notice that this order is effective May 21, and was amended by P.C. 1115 dated May 18, a considerable time after the question I asked the minister, and fully a month after the letter was written by the member of the harbours board to Mr. Kaiser of the Dreyfus company.

My submission is this: Knowing that these documents do exist, knowing that these negotiations were carried on, I have a right, and this house has a right, to know what the negotiations were. The mere fact that subsequent to their being brought to the attention of the house the matter was changed by this order in council is not a suitable response to my request and the right of parliament to see those documents. The minister himself admitted to-day that the document existed, although later he said he had not personally seen it. But he knows the letter exists and that it was written. I add now that it was written by Mr. Roberts of the harbours board to Mr. Kaiser. All I am asking is that that letter with the confirmation attached thereto of the outline of an agreement should be tabled in order that we, the members of this house, may properly discuss the subject matter of it, which is a matter of very great importance and involves not only a discussion of lake rates, as the minister said, but also questions affecting the rates in that elevator, first as they apply to the Dreyfus company, second as they apply to the public generally; and furthermore whether or not there was an invasion of the jurisdiction of the board of grain commissioners. These are all important questions of grave public interest, and I submit that there is no reason whatever which can properly be offered why this document should not be laid on the table of the house. I again assert my right to the document, the right of parliament to see it, in order that when the estimates come up again we may properly and intelligently discuss the very grave questions involved in this whole matter.

The minister does not reply. Well, Mr. Speaker, I have made a request, and I do not think that mere silence is an answer. This affects the right of a member and of all hon. members.

Mr. LAPOINTE (Quebec East): Why does not my hon. friend make a motion in the ordinary form, as all hon. members do?

Mr. STEVENS: I started by following that course. I say to the government that this is not the end of this question.

Mr. SPEAKER: Let the hon. member make a new motion if it is necessary, as provided by the standing order, and then it will be considered.

Mr. LAPOINTE (Quebec East): The hon. member has to accept the answer given to the question.

PENSIONS AND NATIONAL HEALTH

STATEMENT OF MINISTER IN EXPLANATION OF DELAY IN FILLING POSITION IN PUBLICITY DIVISION

On the orders of the day:

Hon. C. G. POWER (Minister of Pensions and National Health): On Friday, May 27, during the course of the discussion relating to the publicity division of the Department of Pensions and National Health, I stated that there had been a long delay in making the appointment of chief of this division, and left the impression that the dilatory procedure of the civil service commission was wholly responsible.

Examination of the file and closer study of all the pertinent facts in connection with this appointment clearly indicate that I did an injustice to the commission, which I hasten to correct.

On May 28, 1937, the civil service commission was requisitioned by the department to set up a position of Chief, Division of Publicity and Health Education, but shortly afterwards the department decided to change the title of the position to that of Director of Publicity. The educational qualifications were changed and the salary range modified. On October 28, 1937, the department asked the commission to advertise the position. Applications were called for from the whole of Canada, the competition to close on December 11, 1937. The appointment was actually made on May 23, 1938. It is evident that the department, and therefore the minister, must shoulder at least an equal portion of the blame with the civil service commission.

NATURAL RESOURCES

CONFIRMATION OF CERTAIN AGREEMENTS BETWEEN DOMINION GOVERNMENT AND PROVINCES OF MANITOBA, SASKATCHEWAN AND ALBERTA

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved the third reading of Bill No. 106, to amend the Manitoba Natural Resources Act, the Alberta Natural Resources Acts and the Saskatchewan Natural Resources Acts.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I indicated to the right hon. Minister of Justice (Mr. Lapointe) that I proposed to make a few observations with respect to this bill on the third reading. The bill involves two questions. One deals with a purely local matter affecting the oil lands in the province of Alberta, but the other is far more important. The

other amendment contemplates this parliament handing over to the provincial authorities the waters within the various provinces.

This is not a new question. In 1930, when additional agreements were made between the provinces and the dominion to turn over the natural resources to the provinces, I directed attention to the fact that the language was not broad enough to turn over the waters under or on the lands, and it will be remembered that when the provinces were created in 1905 parliament was very careful to retain the rights of this dominion under The Northwest Irrigation Act. I need hardly point out that the Alberta and Saskatchewan Acts were alike in that regard, and it was provided by those statutes that the waters dealt with by the irrigation act passed by this parliament should continue to be dealt with by the parliament of Canada, notwithstanding the fact that we had created the new provinces. Section 21 of the Alberta Act, which is similar in terms to the Saskatchewan Act, reads as follows:

> All crown lands, mines and minerals and royalties incident thereto, and the interest of the crown in the waters within the province under The Northwest Irrigation Act, 1898, shall continue to be vested in the crown and administered by the government of Canada for the purposes of Canada, subject to the provisions of any act of the parliament of Canada with respect to road allowances and roads or trails in force immediately before the coming into force of this act, which shall apply to the said province with the substitution therein of the said province for the Northwest Territories.

Similar language is employed in the Saskatchewan Act. It will be observed, therefore, that a clear distinction is made between crown lands, mines, minerals and royalties, and waters. The reason that water in the west stands in a peculiar position is that in 1898, as will be remembered, the parliament of Canada saw fit to enact the Northwest Irrigation Act, under which we declared that the waters in the west were the property of the crown and that when patents were issued for homesteads they should not convey to the patentee the water, which should remain the property of the crown. That is so even to this day, and the classification of the licences for the use of water provided for by that act still stands. You have a domestic user, a user for irrigation purposes and a user for commercial purposes. All that was the law when in 1905 the province of Alberta was created by this parliament, and section 21 of that act retained those rights.

In 1930 the government of the country decided to turn over to the provinces their mines, minerals and royalties, as indicated by the agreement between the Dominion of Canada and the province of Alberta on the one hand, and later the province of Saskatchewan and the province of Manitoba. Section 1 provides for the transfer of the public lands generally, but it makes no provision for the transfer of the water. That provision is made in these words:

> —the interest of the crown in all crown lands, mines, minerals (precious and base) and royalties derived therefrom within the province, and all sums due or payable for such lands, mines, minerals or royalties, shall, from and after the coming into force of this agreement and subject as therein otherwise provided, belong to the province, subject to any trusts existing in respect thereof, and to any interest other than that of the crown in the same, and the said lands, mines, minerals and royalties shall be administered by the province for the purposes thereof, subject, until the legislature of the province otherwise provides, to the provisions of any act of the parliament of Canada relating to such administration—

That is what was turned over to the provinces under the agreements. When the matter came before the House of Commons the Solicitor General and I engaged in a short debate, and on April 29, 1930, we had some extended discussion. The Solicitor General finally said:

> It is possible that further legislation is necessary.

Whereupon I replied:

> That is the case I am endeavouring to make to the house at the moment, and if the Solicitor General says that, he has quite answered my objection.

Then I dealt with the matter at some considerable length, pointing out what were the provisions having regard to the transfer of crown lands and mines and royalties under the terms of the agreement, and to the limitations that had been imposed upon the transfer of water by the irrigation act. That agreement, of course, was an amendment to the constitution of the provinces; because originally, under section 21 to which I have referred, these crown lands remained the property of the crown in the right of the dominion. It will be recalled that it was asserted by some of our friends that there was a right on the part of this parliament to continue to deal with the matter, but I pointed out then, as I do now, that while under section 3 of the British North America Act of 1871 parliament was given power to create new provinces, it was specifically provided that once the power was exercised we were functus officio. Section 6 of that act reads as follows:

> Except as provided by the third section of this act—

And that is the section which gave us the power to create the provinces.

—it shall not be competent for the parliament of Canada to alter the provisions of the last-mentioned act of the said parliament in so far as it relates to the province of Manitoba, or of any other act hereafter establishing new provinces in the said dominion, subject always to the right of the legislature of the province of Manitoba to alter from time to time the provisions of any law respecting the qualification of electors and members of the legislative assembly, and to make laws respecting elections in the said province.

Therefore when we created the province of Alberta and gave it a constitution we were not competent to amend that constitution; and when in 1930 we amended that constitution by providing that the mines, minerals and royalties that theretofore had been the property of the crown in the right of the dominion should be vested in the crown in the right of the province, that amendment had to be ratified by the imperial parliament. It will be found in chapter 26 of the statutes of Westminster for 1929-30 that this agreement was ratified.

My contention was that if we proposed to deal with the question of water, about which there have been grave differences of opinion—because it was felt that we had the machinery to maintain a uniform policy—the transfer of the waters was a matter that required much more than ordinary or casual consideration. So to-day the waters are being administered by the dominion, not by the provinces; the rehabilitation act in the province of Saskatchewan was predicated upon that assumption. During the period that we were responsible for administration, representations were made with respect to an amendment that might be made, but we never agreed upon the amendment. Now the minister proposes in this bill, for which third reading is asked, to vest these waters in the provinces and divest the dominion of its power. If I am right in my suggestion to the right hon. Minister of Justice it follows that this can be done only by having an act passed by the parliament at Westminster confirming that statute.

It was contended by some of our friends that this was unnecessary, and this was the reason they gave: In the agreement of 1930 they found these words:

24. The foregoing provisions of this agreement may be varied by agreement confirmed by concurrent statutes of the parliament of Canada and the legislature of the province.

It has been pointed out in some quarters that that is broad enough to enable this action to be taken, but I think the Solicitor General thought differently in 1930. Obviously it is an amendment to the constitution and, as I pointed out in 1930, you cannot have the constitutions of the provinces or the dominion amended by concurrent legislation on the part of the dominion and the provinces. Therefore, on the third reading of the measure, I point out that in my opinion this is in effect legislation to accomplish that very purpose. If it is intended to transfer the administration of the waters of the western provinces from the dominion to the provinces and thereby amend their constitutional position, it would be essential to do so by the method followed in amending the constitution in 1930. I realize that effect can be given to section 24 of the agreement, but that section cannot possibly have the effect of constituting an amendment to the British North America Act, for the reason that in the list of cases to which reference has been made, the privy council pointed out that you cannot by treaty or agreement divest the provinces of their legislative power in order to confer authority upon the parliament of Canada.

Mr. DUNNING: This operates to confer more power on the provinces.

Mr. BENNETT: This operates to confer upon the provinces jurisdiction over waters which is now vested in the crown in the right of the dominion.

Mr. DUNNING: I raise that point merely because the privy council decision had to do with the reverse of that.

Mr. BENNETT: But the argument and the statute applied equally to both, that is, that the competent authority to amend the constitution of this country was the parliament at Westminster and not any arrangement or agreement that might be made by the legislatures of the provinces and the dominion. The constitution of the Dominion of Canada cannot be amended by agreement. Concurrent legislation enacted by the provinces and the dominion cannot possibly have the effect of creating an amendment to the British North America Act. The agreement provides that there may be amendments to the agreement, but that would be an amendment within the ambit of the agreement itself and not an amendment to confer new jurisdiction upon the provinces in the exercise of their powers over the waters to which I have referred.

Difference of opinion exists in many quarters as to whether it is advisable, having regard to the possibility of large irrigation works, to vest in the provincial authorities jurisdiction with respect to these matters, or to have them remain as part of a national policy. It is

realized that only a national policy can deal with so large an issue as that of irrigation in these great western provinces which would involve expenditures on a vast scale.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, of course I am not in order, but with the consent of the house I shall proceed. These agreements have been negotiated by the Minister of Mines and Resources (Mr. Crerar) and the governments of the three western provinces which are interested. Until my right hon. friend raised the point, I did not know that there were any difficulties of the kind he has indicated. I have been told by the officers of the Department of Mines and Resources and the Department of Justice that it was the intention at all times to include waters in the phrase "crown lands, mines and minerals." In the minds of the officers of the departments there were no practical difficulties, but it was thought better to include waters. I have the greatest respect for the opinion of my right hon. friend, but I submit that the legislation of 1930 transferred all the natural resources to the provinces.

Mr. DUNNING: It was called the natural resources act.

Mr. BENNETT: It was an act to confirm and give effect to certain agreements entered into between the Dominion of Canada and the governments of the provinces of Manitoba, Saskatchewan and Alberta. I am reading from the British statute.

Mr. LAPOINTE (Quebec East): This act is the Natural Resources Transfer (Amendment) Act, 1938.

Mr. BENNETT: That is the Canadian act?

Mr. LAPOINTE (Quebec East): Yes. The purpose was to make the provinces the owners of their natural resources. I think it may be fairly claimed, and it is the opinion of the officers of the Department of Justice, that the section my right hon. friend has mentioned, which was enacted by the Westminster parliament, to the effect that this agreement might be varied by an agreement confirmed by concurrent statutes of the parliament of Canada and the legislatures of the provinces, is sufficient to confer upon this parliament and upon the legislatures of the three western provinces the right to vary by concurrent legislation the agreement that affected the transfer in 1930. This is merely to remove a doubt. My right hon. friend knows more about western matters than I do, but I have been given to understand that it has always been considered that the waters were transferred along with the lands, mines and minerals.

Mr. DUNNING: They have been so administered in practice.

Mr. BENNETT: No.

Mr. LAPOINTE (Quebec East): Apart from this, I may say that the opinion of the officers of the Department of Justice is to the effect that we have authority to confirm this agreement and to make it clear that the waters are transferred to Manitoba, Saskatchewan and Alberta as well as the lands and mines.

Mr. BENNETT: Mr. Speaker, if I have your indulgence I shall answer the question asked by the right hon. Minister of Justice (Mr. Lapointe), otherwise I cannot proceed. When the Alberta and Saskatchewan acts were being enacted I was solicitor for the irrigation branch of the Canadian Pacific Railway Company. At the instance of the Canadian Pacific Company I came to this city and conferred with the then Minister of Justice for some time, submitting the reasons why, in the opinion of my client, the administration should continue in the crown in the right of the dominion, because the river did not flow wholly through the one province. There were many questions that had to do with the supply of water that originated in the national park which was under the jurisdiction of the dominion. The whole matter bristled with difficulties if it was to be in the hands of the provinces. That is the reason why these words appear in the constitutional acts known as the Saskatchewan Act and the Alberta Act:

> All crown lands, mines and minerals and royalties incident thereto, and the interest of the crown in the waters within the province under the Northwest Irrigation Act, 1898, shall continue to be vested in the crown and administered by the government of Canada for the purposes of Canada.

Bear in mind that we had followed a course that was wholly unusual, namely, we retained in the crown the title to the waters even although patents were granted otherwise. That is not a general thing. The patent did not carry title to the waters, any more than it carried title to the gold. It reserved the title to the water as though it were gold and a patent were being issued to a homesteader or a person who otherwise becomes entitled to a patent on his land. When the agreement was made it referred to mines, lands, minerals and royalties and did not mention the waters, which were

vested in the crown by a special paragraph, and the administration continued by the federal authority just as it had prior to the agreement being made.

Mr. DUNNING: Since 1914?

Mr. BENNETT: That is, the large irrigation projects, licences and matters of that sort. When the Canadian Pacific turned its irrigation project over to the settlers, they came to an arrangement with the provincial authorities for that purpose.

Mr. LAPOINTE (Quebec East): May I ask a question for information? Apart from the constitutional question whether we have a right to proceed in this way, does my right hon. friend see any practical objection to it?

Mr. BENNETT: Only this, that it was represented to me on many occasions that if we were to engage in a national irrigation policy in the west it would be undesirable that we should make an arrangement with the provinces for administering the waters as distinguished from the crown in the right of the dominion; that is, if we were hoping to have a national policy and for assistance to be given by the dominion government. It will be recalled that we have on more than one occasion given assistance to the Medicine Hat project, which was authorized under the Northwest Irrigation Act of 1898, and when the Canadian Pacific turned over its entire project to the settlers and took its loss, the question of expanding that system into a national system, and what was called the William Pearce scheme in connection with the Saskatchewan river, all involves the utilization of waters on a scale so vast that no province would be in a position fittingly to undertake the work. That is the only objection that has ever been made to me, I may say to the minister. Frankly I was of the opinion that if irrigation became essential in the western provinces it should be dealt with as a national undertaking rather than as a provincial one, so that the system that would be created in one province could be made to inure to the benefit of another.

Mr. DUNNING: Or to its detriment?

Mr. BENNETT: Yes, quite so, to its detriment, by reason of one province selfishly exercising its powers and not permitting the advantages to go to another; and so a federal and national outlook on the matter was to be preferred. I am not expressing any opinion at all, but that was the view that was expressed by quite a number of people, as perhaps the Minister of Finance has heard, particularly from those who have been urging the Pearce scheme, as it has been presented during the last two years.

Hon. CHARLES A. DUNNING (Minister of Finance): There is no doubt in the mind of anyone who sat here in 1930 that what we thought we were doing then is what is being attempted now.

Mr. BENNETT: The Solicitor General was a little uncertain.

Mr. DUNNING: Certainly with regard to the negotiations between the three western provinces and the officers of the federal government, the intention was to transfer all the natural resources and thereby place all provinces in the same position with respect to the ownership of water and all the other resources. To take any other view now would be to start a controversy with the three provinces concerned which I doubt could possibly do any good, and certainly could be settled ultimately only in one way.

While, of course, I appreciate very fully the remarks of the right hon. leader of the opposition (Mr. Bennett) with respect to irrigation difficulties, if a scheme so vast as some of those proposed were to be put into effect, on the other hand I was advised some time ago in connection with such schemes that the general powers of the dominion applying to navigable waters could be effectively used to prevent the stealing of a whole river by one province to the detriment of another.

Mr. BENNETT: The Bow river is not a navigable stream.

Mr. DUNNING: No. But the Saskatchewan river is technically a navigable stream.

Mr. BENNETT: Yes.

Mr. DUNNING: I am not competent to go into the legal aspects of it. I am not sure indeed that the Bow river might not legally be considered navigable.

Mr. BENNETT: Inquiries I have made would lead me to think otherwise.

Mr. DUNNING: My right hon. friend knows more about that than I do. But to reopen the question as to whether the waters of these provinces were in fact transferred by this parliament in 1930 would, I think, be very unfortunate and lead to no useful purpose. The people receiving them, and the dominion parliament in extending those rights in 1930, believed that the water was included, and since that time the province of Saskatchewan with respect to certain northern water powers has acted under the authority given by the agreements we are now discussing. I believe I am right in saying that it is since 1930 that certain action has been taken granting water rights on the Churchill, or at least an extension of rights existing there, to

enable the development of that great electric power which is used at Flin-Flon, on the Manitoba-Saskatchewan border. Saskatchewan has acted in that respect under the agreement, and I have no doubt that instances could be found where others of the three western provinces have acted on the assumption that they could deal with the matter by virtue of the rights which for my part, as one of those vitally interested at the time, I certainly thought we were conferring in 1930.

Mr. BENNETT: The Solicitor General then thought not.

Mr. DUNNING: The recent representations made had to do entirely, from the standpoint of the three western provinces, with the removal of possible doubts. No one seemed to doubt what the intention was at the time it was done.

Motion agreed to and bill read the third time and passed.

CANADA SHIPPING ACT, 1934

CONTROL OF SHIPMENT OF MUNITIONS BY SHIPS REGISTERED IN CANADA

The house resumed from Friday, February 11, consideration in committee of Bill No. 9, to amend the Canada Shipping Act, 1934—Mr. Howe—Mr. Sanderson in the chair.

On section 1—Prohibition of shipment of articles of war to countries in a state of war.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Chairman, I understand this section was discussed fully in committee, but was not passed on the former occasion in order to permit any further observations hon. members might wish to make.

Section agreed to.

Bill reported, read the third time and passed.

NEW WESTMINSTER HARBOUR

EXTENSION OF BOUNDARIES AND REMUNERATION OF COMMISSIONERS OUT OF HARBOUR REVENUES

Hon. C. D. HOWE (Minister of Transport) moved the second reading of Bill No. 111, to amend the New Westminster Harbour Commissioners Act.

Mr. THOMAS REID (New Westminster): Mr. Speaker, a few days ago when the resolution preceding the bill was before the house some statements were made by hon. members opposite respecting the administration of the port of New Westminster, and at this time I take the opportunity of answering. Before dealing with those statements however it might be well to place before hon. members some interesting data and information regarding the activities of the port, demonstrating how important the port of New Westminster has become in the past few years and the position it now occupies among the various ports of Canada.

Figures show that in exports abroad the port of New Westminster occupies fourth place in Canada, the first position going to the port of Montreal, the second to Vancouver and the third to Saint John. With regard to total exports, including inward and outward trade, the port of New Westminster occupies sixth position in Canada. In addition, New Westminster is the greatest of all lumber ports; figures show that the exports of lumber from this port are greater than those from any other port in Canada, even excelling the lumber exports from the port of Alberni. Last year 283,151,033 board feet of lumber were exported from New Westminster, as against an export of lumber and logs from the port of Alberni of about 260,000,000 board feet. The port of New Westminster is the port not only for New Westminster and the Fraser valley, but for all the interior of British Columbia as well. When one learns the extent of the exports from Trail and the apple exports from the Okanagan valley, one begins to realize just what the port means to the interior of British Columbia as well as to the coast districts. It might be interesting for hon. members to know that through the port of New Westminster there was exported from Trail last year 163,318 tons of lead, 80,007 tons of zinc, 47,008 tons of zinc concentrates, 34,557 tons of sulphate of ammonia, 10,512 tons of ammonium phosphates. Then from the various mines approximately 2,000,000 ounces of silver were shipped.

Export figures with respect to fruit which left the port show that there were 1,313,901 boxes of apples, 83,905 boxes of pears and 1,709 tons of canned salmon. One could mention other items, but I have attempted only to deal briefly with the export figures because there are other matters I wish particularly to mention at this time. I have in mind particularly questions asked by the hon. member for Mount Royal (Mr. Walsh).

However, looking over the export figures it is interesting to note that last year 7,774 tons of plywood, or 19,436,173 square feet, were exported through the port of New Westminster, as well as 42,831 bundles of broomhandles. It is almost astounding to note the number of doors exported from that port. We find there were 1,182,195 fir doors, manufactured at one of the lumber mills of the

Fraser river, close to the city of New Westminster, shipped from the port. Included in the exports there were 1,295,243 cubic feet of box shooks, which were exported to many countries abroad.

It might be well at this time to point out that the port of New Westminster is unique in that it is the only port in Canada which has paid interest charges on loans from the dominion. It may be that those loans have not been extensive, although they amount to about a million dollars. The fact remains however that it is the only port which has paid its interest charges in full, and practically the only port which has expended public funds to the extent of about $500,000 for port development.

When the resolution was before the committee the hon. member for Leeds (Mr. Stewart) asked how much the government had spent in dredging at New Westminster. While it is true the government has spent some money in dredging operations, the amount involved is almost nothing when compared with the expenditures in connection with the development of other ports. For instance, in the past seven years, $30,000,000 has been spent on St. Lawrence river ports, I do not believe a third of that amount has been spent in dredging of the Fraser river since confederation.

The hon. member for Mount Royal not only made statements but asked some questions which I believe should be answered now. At page 2747 of Hansard he is reported to have said:

> I do not know whether I quite agree with the principle involved, because to pay even a small salary for an appointment of this kind means that the position is liable to become somewhat political in its aspect, and the prey of office seekers. With each change of government some persons in New Westminster or the immediate vicinity will desire to replace these three commissioners, whereas if the commissioners were undertaking the task on a voluntary basis of service to their city you might get a higher type of person interested, and you would not be so likely to have a change, if the service had been satisfactory, with every change of government.

Mr. CAHAN: May I suggest to the hon. member that reference to a previous discussion of that kind, which has no relation to the bill before the house, is inopportune?

Mr. REID: Perhaps the hon. member has misunderstood the situation; the hon. member for Mount Royal was speaking to this very bill. The resolution preceding the bill was before the house, and he took that opportunity to make some observations. I believe I am quite in order when I simply reply to his remarks. I have quoted from the page in Hansard where the hon. member for Mount Royal is reported.

Mr. CAHAN: I suggest that that was the proper time to call attention to any irrelevant incidental remarks. It would be better if the hon. member's observations could be left to another time when the hon. member for Mount Royal could be in his seat. If that were done he would have the opportunity to deal with these matters of fact, which have no relation to the discussion of the bill now before us.

Mr. REID: I am sorry to have to differ from the hon. member, but I believe he is in error. The remarks I am making are most pertinent, because they bear directly on what was said by the hon. member for Mount Royal in a discussion of the resolution preceding this bill. Not only was he dealing with it but he asked me at the time for my views. There is no other occasion on which one could so well discuss the merits of this matter because the bill is now up for second reading. After that the only opportunity for discussing principles will be on the third reading of the bill. I am sorry that my hon. friend has taken exception, because up to now I have been very fair in my remarks. I regret the absence of the hon. member for Mount Royal and the hon. member for Leeds, but I can assure the house that I am not taking undue advantage of that fact because what I have to say is in no sense carping criticism.

The hon. member for Mount Royal said:

> I urge upon the minister and the committee the desirability of amending this measure in such a way that we might at least try out for a period of time a service of commissioners who would not undertake the work for the sake of the remuneration which might be in it. I should like to hear an expression of opinion from the hon. member for New Westminster, who knows the situation better than I do.

That statement, I suggest, fully answers the interruptions made just now by the hon. member. The port of New Westminster has been very fortunate in the past in its choice of commissioners, and those who have gone before deserve more than a mede of commendation for the work they did. In 1921 only some thirteen ships entered the port, whereas last year there were 450 deep sea ships, from every part of the world, coming into the port of New Westminster. The work has become so onerous in consequence that it now occupies almost the full time of the chairman and a great deal of the time of the harbour commissioners; and very often the commissioners are called in once or

twice a day in connection with matters arising out of the affairs of the port. I have always objected to the way in which the former commissioners were paid; I am inclined to think that in the past they were paid rather surreptitiously. There was nothing in the act formerly to provide for reimbursing the commissioners for any expenses they incurred in connection with the business of the port. The past chairman of the board, putting in his whole time, was of the opinion that he at least should have some remuneration and therefore he was appointed port manager. I suggest that the former method of payment was an unsound one and it is now being remedied.

The manner of paying the chairman was, in my opinion, a mistake, and I might have taken greater exception to it when I first came to the house, but shortly after that time he fell sick and was unable to carry on, and I felt that it was unbecoming, especially in view of his past services, to raise any criticism as to the manner of payment. The consensus of opinion, I believe, is that they should be paid, and I am pleased that the minister is now amending the act to provide for their payment. To the hon. member for Mount Royal I would say that the administration of the port of New Westminster should be regarded as a model in judging all other ports in Canada; and my own opinion is that if the administration of the other ports had been as efficient as that of New Westminster it is doubtful whether those other ports would have come under a national harbours board. What was said by the hon. member for Mount Royal could be said with greater effect in Montreal, where I know the administration last year cost $268,648 as compared with total administration costs in New Westminster of only $14,000.

Mr. CAHAN: There is some difference in the extent and importance of the two ports the hon. member is comparing.

Mr. REID: Montreal, it is true, is the first on the trade list, but let us go down the list and take the port of Quebec. Let us compare that port with New Westminster from the standpoint of exports and imports. We find that the administration costs in the port of Quebec last year were $90,680 compared with the figure I have given for New Westminster. I will take any port the hon. member will suggest, because I have the data before me, and I am sure that New Westminster will be found to be the most favourable. It has one of the finest records in the dominion, if not the finest, so far as administration is concerned and, of course, from the standpoint of development as well. Someone asks about the tonnage of that port compared to Quebec. That is interesting. Through the port of Quebec last year there were exported 257,077 tons as compared with 868,026 tons through New Westminster; and yet the administrative costs in the port of Quebec were $90,000 odd whereas in New Westminster they were only a little over $14,000.

Mr. CAHAN: Compare the passenger services now.

Mr. HOWE: It is hardly fair to compare services of that kind, because in some ports a great many services which are rendered privately and paid for from revenue do not appear in the books of some other port. Even to compare two ports under the national harbours board as to cost of administration is apt to be misleading unless a careful analysis is made of the services performed.

Mr. REID: I was surprised that any hon. member, especially any member from Montreal, would object to paying the out-of-pocket expenses of the commissioners in New Westminster, having regard to the services they have done in the past and the services they are now rendering. In all kindness I now say to the hon. gentleman that he should preach in the city of Montreal the same gospel that he is trying to preach here in connection with this bill.

Mr. CAHAN: My hon. friend is perhaps misconstruing not only the purpose of the hon. member for Mount Royal but the actual effect of the words which he uttered. I reside in the city of Montreal and am pretty thoroughly acquainted with all its business and mercantile affairs, and I have never heard the slightest criticism of the port of New Westminster. I do not believe that it was intended in the previous debate to express any criticism of that port.

Mr. REID: I listened carefully to the debate and my opinion was asked regarding the payment of the commissioners, and I suggested that men administering the affairs of the port of New Westminster in such an efficient manner were worthy of some remuneration. It is far better, as under this bill, to pay them openly and aboveboard than, as in past years, to pay them surreptitiously, without many citizens knowing that they were being paid. I commend the change and I say that the administration of the port of New Westminster is an example that might well be followed by many of the larger and some of the minor ports of Canada.

The hon. member for Mount Royal mentioned something about the politics of the

commissioners. Well, we have a splendid record there because at the present time two of the commissioners are Conservatives and the chairman is a Liberal. The men have been chosen generally without regard to politics and they should receive a great deal of commendation for the work that they have done; for they have laid a splendid foundation. I thought it was my duty, as representing that port, to rise in my place in order to remove any wrong impression that might have been left by the previous discussion.

Mr. H. J. BARBER (Fraser Valley): I wish to go on record as supporting this measure. I have been in close touch for a number of years with the port of New Westminster, and I realize its importance. I am sure that the record of management of that port should warrant recognition by legislation such as this. These men are certainly entitled to some remuneration. As to the other part of the bill, the extension of the area, I am not so well informed. I have received no objections, however, and I have no doubt that that is warranted. As I understand it, the other section that is being taken in does not come under the port of Vancouver. I suppose no mention is made of the question of port manager. Is it the intention of the government to provide for a port manager in addition to the officers of the commission?

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Remuneration of commissioners.

Mr. TAYLOR (Nanaimo): Do the New Westminster harbour commissioners and the North Arm harbour commissioners between them now cover the whole effluent of the Fraser river?

Mr. REID: Yes.

Section agreed to.

Bill reported, read the third time and passed.

INDIAN ACT AMENDMENT

PROVISION RESPECTING LEASES OF MINERALIZED AREAS AND ADVANCES TO ASSIST AGRICULTURE AND OTHER PURSUITS

Hon. T. A. CRERAR (Minister of Mines and Resources) moved that the house go into committee to consider the following proposed resolution:

That it is expedient, by amendment to the Indian Act, to authorize the governor in council to make regulations enabling the superintendent general to issue leases of land deemed to contain minerals and to grant in respect thereof the right to prospect for, mine and take away the same; and also to authorize advances of moneys from the consolidated revenue fund to assist Indians in carrying on agriculture and other pursuits, and to make provision for the repayment of such advances; the outstanding advances at any time not to exceed $350,000.

Motion agreed to and the house went into committee, Mr. Sanderson in the chair.

Mr. CRERAR: It might be of assistance to the committee if I give a word or two of explanation of the purpose of the bill which will follow this resolution. It will be noted that it deals with two matters. The first is the making of regulations relating to the disposal of minerals which may be found on Indian reserves. At present the act gives power to the governor in council to make regulations governing the disposal of what might be termed surface rights on the reserves; that is to say, regulations relating to the disposal of timber, hay and grazing leases. It should be said here that before any such disposal can be made the consent of the Indians or the Indian band interested has to be secured, but once the consent of the Indian band is secured then the administration falls within the framework of the regulations provided in the Indian Act. At the time the regulations were passed, or indeed at the time the provision was inserted in the Indian Act, it was not expected that developments of minerals or coal or of oil so far as Alberta is concerned would take place on Indian reserves, located as they were mostly in the northern part of the province. The opinion of the Justice department is that the power of the governor in council to make these regulations does not extend to the sub-surface rights. The proposal now is simply to give the governor in council power to do with the sub-surface rights what they already have the power to do with the surface rights. The consent of the Indians concerned will still have to be first had and secured.

The second point involved is really a new departure in Indian administration. It is the creation of what is popularly called a revolving fund. Under the proposed provisions the Minister of Finance will have authority to advance as specified in the bill sums of money up to a total of $350,000 for the purpose of making loans either to individual Indians or to Indian reserves, or in relation to other matters connected with Indian welfare work. As it stands at present the Indians are, and of course will remain even under this legislation, the wards of the government. At present parliament appropriates certain

moneys year by year for Indian welfare work. But these votes of money are expended the same as any other vote, and consequently are looked upon more in the way of grants or gifts to the Indians who are the beneficiaries of aid given in welfare matters. One of the things that has impressed itself on my mind in the brief period I have had to do with Indian administration is the need to develop a spirit of self-reliance and independence in our Indian wards. My reading of the story of the relation between governments and Indians in Canada leads me to the conclusion that the expectation originally was, and indeed is still largely entertained, that the Indians will in course of time become absorbed into the ordinary citizenship of the country, and cease to be wards in the sense that they have been so considered in the past. I must confess that I think in the past our attitude has often not been conducive to the achievement of that very desirable end. Consequently this fund is created for the purpose of lending money either to individual Indians or to bands of Indians for productive purposes, or perhaps in certain cases to residential schools for the purpose of developing handicraft arts, with the understanding that these loans must be paid back into the fund to the credit of the Minister of Finance, or rather to the credit of the receiver general to be administered by the Minister of Finance.

As I said a moment ago, this is a new departure. Personally I think it is a wise move, and I have no hesitation in recommending it to the committee. Several years ago—indeed, not so many years ago, if my information is correct—the government of the United States adopted this policy. In the United States roughly speaking there is about twice the Indian population that we have in Canada. They provided, since they had the means to do so, a very much larger fund than we suggest here, but if this works out as I anticipate, and certainly as I hope it will, and it should become necessary later on to increase the amount in the fund, at that time parliament could give consideration to the question, and I think such consideration would be favourable.

May I give a few illustrations of how the fund may be used to assist in various ways. On a certain reserve an Indian may have been allotted a certain portion of land. He has not the means to buy stock or to obtain farm implements. Advances can be made under this fund, with the understanding that they must be repaid in whatever period of time is fixed. Again, we have reserves that are communal in their character. Another purpose for which this fund could be drawn upon would be to place cattle on a reserve, with the understanding that the amount of the loan creating the capital in the live stock would be repaid to the fund. Of course all these reserves are under supervision. Another illustration might be given in connection with work in residential schools. As I stated, I believe a year ago, in the discussion of the estimates, I think our system of Indian education left something to be desired. I am glad to note that within more recent years, particularly within the last few years, more emphasis has been placed upon the need of vocational training in these Indian schools. I have seen samples of Indian handicraft work produced at points remote from civilization, such as beaded work of various kinds and other similar articles, which would find a ready market in the development of the tourist trade of this country. My hope in this regard is that we may be able to go to the authorities of an Indian school and say, "If you wish to teach the girls in this school handicraft arts; if you wish to teach them weaving or leather working or any other art, we will be in a position to supply the necessary amount of money, by way of a loan, to purchase the materials with which this work may be carried on."

Generally speaking, that is the purpose of the resolution, and I certainly feel that it deserves the sympathetic interest and support of the committee.

Mr. CAHAN: I should like to ask the minister a few questions, for information. In regard to the gold, silver, iron, coal and other minerals which may be found in these lands mentioned in the resolution, is the title in the crown as represented by the province or in the crown as represented by the dominion? Speaking simply from memory, and from having read judicial decisions in which I had no personal interest, it seems to me that one decision particularly, relating to the province of Quebec, was to the effect that the revenue thus derived from the alienation, disposal or sale of Indian lands is a revenue in which the provincial government participates. This is what I am asking definitely, because my own memory is not quite clear: Will the revenue received through these leases of lands which are deemed to contain minerals, and from the granting in respect thereof of the right to prospect for, mine and take away the same, which is a conveyance of the property right in the minerals located in the lands subject to the lease, be a property right of the crown as represented by the province or of the crown as represented by the dominion?

Mr. CRERAR: In the province of Quebec there is a rather anomalous situation. Areas were set aside many years ago as Indian reserves, upon which the Indians were supposed to live. The title to those reserves was never clear, in the sense that it inured solely to the federal government in the event of the Indian band disappearing, for instance. A case was carried to the privy council, I think in connection with the disposal of some part of the Caughnawaga reserve near Montreal, if my memory serves me aright, and the decision was that when a portion of the reserve was sold the province was the beneficiary in the matter. That is as I recall the decision, though I speak subject to correction, because I have not my notes and it is some considerable time since this matter was before me. I think I can say that in all the other provinces, with the possible exception of some instances in British Columbia, the reserves were set aside wholly for the benefit of the Indians. The department has administered the resources of such reserves wholly for the benefit of the Indians, of course with their consent. That has been carried to the extent that certain of these reserves in western Canada have quite large sums of money to the credit of the band funds, which are wholly the property of the Indians. Again, for instance, in Ontario there may be a reserve upon which there is valuable pulpwood timber. If the Indians give their consent the department can dispose of that pulpwood, and the proceeds of the sale will be credited to the funds of the Indians on that particular reserve. Generally speaking, the situation is this: The Indians have the ownership of the surface rights, that is the timber, hay or grazing. The revenues received from these sources are placed to the credit of the Indians. As I have stated, in the province of Quebec we have never yet been able to get the question of ownership of the reserve satisfactorily answered.

Mr. CAHAN: I have a hazy recollection of reading a decision relating to Indian ownership of surface rights, which seems to bear out the distinction made by my hon. friend. I must confess my personal ignorance, but I do not recall that a decision has been given by a court of appeal in this country or by the privy council to the effect that the title to the gold, silver or coal in so-called Indian lands is vested in the crown in the right of the dominion or in the right of the province in which these lands may be located.

Mr. CRERAR: There may be a question so far as the province of Quebec is concerned; but I am quite sure that there is no question so far as the other provinces are concerned, with the possible exception of a few cases in British Columbia where the titles to the reserves have not yet been satisfactorily cleared up with the provincial government.

Mr. CAHAN: When we come to discuss the sections of the proposed bill in committee, will my hon. friend be prepared to give a clear statement by the legal officers of his department or of the Department of Justice with regard to this matter?

Mr. CRERAR: I shall do that.

Mr. CAHAN: I have some recollection of more or less serious disputes between one or more of the provinces and the dominion in relation to such matters. The bill to be founded upon this resolution will go further than the provisions of the Indian Act, in that it will enable the governor in council to grant an estate or title in or to mines of gold, silver, coal or iron separate and distinct from the surface rights to the land. That distinction is clearly made in some of the older provinces, and I think we should have a clear understanding of the legal position when the terms of the bill come before the committee.

The other point I wish to raise is in connection with the revenues that may be received. We would like to know whether these revenues are to be received by the dominion treasury. If so, will they then constitute a part of a general fund of which the $350,000 mentioned here will be a part? Will the advances mentioned here to the amount of $350,000 form a revolving fund together with or distinct from the proceeds from the grants of the gold, silver or other minerals? That is a matter which I think might well be considered. I am sure that so far as the members on this side of the house are concerned, any efforts that may be made to improve the condition of the Indian population in connection with their ordinary avocations or by educational or cultural methods must receive approval. It is within my memory that some of the most distinguished citizens of this country, men who have done much to advance the commercial, financial and other interests of this dominion, have been proud to admit their Indian origin and blood.

Mr. CRERAR: I shall make a note of the first point raised by my hon. friend and secure an opinion from the law officers of the Department of Justice.

Mr. CAHAN: I did not desire to raise any merely facetious question.

Mr. CRERAR: It is very important. As far as the disposal of the $350,000 fund is concerned, this will be by way of loans. We may charge the individual Indian or the school or the band interest on the advance made, but when the loan is repaid it will be paid to the receiver general for the account of the Minister of Finance for the fund. If through the operations of the individual Indian or the band of the school a profit is made from the grain grown or the live stock raised or handicrafts produced, that profit will go to the individual Indian or to the school or the band directly concerned. This is not intended to be a profit-making venture for the department or the government.

Mr. CAHAN: And it is not intended that this revolving fund, which is not to exceed $350,000, will be connected, directly or indirectly, with the proceeds from the alienation of lands or mineral rights provided for in the first part of the resolution?

Mr. CRERAR: Correct; there is no connection at all.

Mr. WOODSWORTH: Mr. Chairman, there are several points that are not at all clear to me. It is curious that the question of authorizing the superintendent general to issue leases to lands in which minerals may be found should be linked up with the question of setting up a revolving fund to help Indians. The only possible reason I can see for this connection is that the department recognizes that because of mining operations certain Indians may be driven off their reservations and will have to be provided for otherwise. I should like to have some information on this point because I cannot understand why these two should be connected. It seems to me that each of these matters should be handled in a separate bill. It is a serious matter if this resolution implies that Indians may be deprived of the land which has been assigned to them in the past and from which they have obtained a livelihood.

Further, I should like the minister to tell us how the consent of the Indians is to be secured. Some of these Indians have tribal or communal organizations, and if I understand aright, under certain circumstances, a good deal of pressure has been placed upon these organizations. We ought to know just what safeguards are to be provided so that the Indians may not be led into buying a pig in a poke, as the old saying is.

Mr. CRERAR: Has my hon. friend, may I ask, knowledge of any instances where pressure was put upon the Indians to consent to the disposal of some of their property?

[Mr. Cahan.]

Mr. WOODSWORTH: I am asking for information. I have heard rumours to that effect. I am not speaking of the minister's own administration, but am going back a good many years. I have lived in the west for over fifty years and know something of the earlier life of the Indians there, and charges of this kind have been made in the earlier days. I know nothing of more recent years. I should like then to know from the minister just what safeguards are going to be taken to prevent pressure from being put on the Indian bands and so that they will know what they are doing.

The third point that occurred to me is that a great many of our Canadian born farmers are finding it extremely difficult to make a living on their farms, and it is going to be very difficult indeed for Indians brought from the more remote districts to make a living on the farm in the regular way. I think it must be forty years since I saw Indians being taught agriculture in Brandon, where my home was at the time; I have seen them at other schools from time to time, and I know it is extremely difficult in one generation to train Indian boys and fit them for farm life. If this is to be done on any considerable scale, I think we must face the fact that it is going to be a very difficult thing to do. I know the minister is familiar with farming, but it seems to me there might be specialized types of farming to which the Indian might be much more adapted than the ordinary grain or cattle farming.

Again, this loan is to be taken out of a grant from the consolidated revenue fund, and it is to have no connection whatever, the minister tells us, with any revenue that might be derived from this mining property. I do not think that is as it should be. These Indians were granted the lands with the idea that they were going to make a living on them. The encroachments of civilization have made it almost impossible for the Indians to continue to make their livelihood in their old ways. Now there has come to our knowledge that under some of these lands there lie minerals of value, and I cannot but think the Indians ought to have some claim to these minerals. I do not mean to say that the Indians are fit, without a great deal of training, to carry on mining operations themselves, but I do think they have some claim on the minerals and certainly a much stronger claim than outside people who go in to prospect and make money out of the new finds. It seems to me that the minerals under these Indian lands should be regarded essentially as a trust. The minister tells us that when pulpwood is sold the proceeds are credited to

the Indians, and, I assume, administered by the department. Why should not the same or a similar arrangement apply in the case of mineral resources?

Mr. CRERAR: It will. That is precisely what we are proposing to do.

Mr. WOODSWORTH: Be credited to the Indians?

Mr. CRERAR: Let me give an illustration. Take an Indian reserve west of Calgary, on which the right is given to drill for oil to some person who is willing to take the chance of developing it. That right is given with the consent of the Indians; but any royalties or returns which accrue from that development which are considered fair and equitable by the department from the standpoint of its trusteeship to the Indians accrue and go to the credit of the Indians on that reserve, and they do not go anywhere else. There is not behind this legislation, if my hon. friend has that idea, as I am afraid he has, any dark scheme to take over the valuable resources of these reserves and give them to someone else. That is not the case at all, and in any event it would always be subject to review by parliament. But that is not the intention. The intention is to provide means by which the development can take place, and everything that comes out of that development by way of royalties or fees or financial returns in any way goes to the credit of the Indian band fund.

Mr. WOODSWORTH: I am glad to know that such returns will go to their credit. Then why should not that fund so built up be used for whatever purposes are deemed desirable for rehabilitating the Indians?

Mr. CRERAR: That is quite true.

Mr. WOODSWORTH: But as I understood the minister's answer to the hon. member for St. Lawrence-St. George, there is no connection between the two.

Mr. CRERAR: There is no connection whatever between these two points in the legislation. One is not dependent on the other in any sense; they are wholly independent. But take the illustration I gave a moment ago: Any monetary return from the development belongs wholly to the Indians on that particular reserve. We cannot take the revenues derived from that development of oil on a reserve west of Calgary and utilize them for the benefit of Indians on a reserve in Saskatchewan. As a matter of fact, when these moneys go into the band funds, they cannot be taken out of the band funds by the administration without the consent of the Indians. There are a great many reserves where there are no band funds at all, and consequently the revolving fund is intended to deal more particularly with the Indians on those reserves and their needs. As hon. members know, we have a substantial number of Indians engaged in agriculture to-day. On the Six Nations reserve, for instance, near Brantford, we find conditions almost entirely analogous to conditions you find off the reserve, but the Indians of that reserve are still wards of the government. As a matter of fact, there is reluctance on the part of some of them to accept the ordinary responsibilities of citizenship. Now there may be an Indian on this reserve whom we wish to help. We may have been giving him relief for four or five years, and with this revolving fund we are in a position to say to him, "If you will make an effort to establish yourself we will provide you by way of loan with live stock or machinery," or whatever it might be, with the understanding that the loan is to be repaid. It is not a gift. That is the whole purpose behind the conception of a revolving fund. It is simply to be able to use the money over and over again as it is repaid, without paying it into the consolidated revenue fund and having to come to parliament to get the right to use it again.

But I am interfering with my hon. friends speech.

Mr. WOODSWORTH: I can go on again in a moment.

Mr. CRERAR: It is not proposed, of course, to take the Indians from the more northerly areas and endeavour to make farmers out of them. My hon. friend has some familiarity with the province of Alberta. He knows, for instance, that in southern Alberta there are several large Indian reservations. Those Indians have much live stock, such as cattle and horses, and in the main carry on grazing operations and the production of grain. They are not only grain growers but stock raisers as well. The same is true in Saskatchewan.

I can recall the facts with respect to one reserve in Manitoba, I believe it was in the northern part of the Selkirk constituency, to which point the Indians were moved a great many years ago. They surrendered their reserve north of Selkirk and moved to a new location. The new location offers admirable opportunities for mixed farming. Thousands of tons of hay can be taken off the reserve every year. But there is practically no live stock on it, with the result that a considerable bill of expense has been incurred in connection with relief payments in the last seven or eight years.

It is our intention, using that band as an illustration, to loan them money or provide

them with live stock, under supervision. Out of the proceeds of the increase of that stock the loan would be repaid in perhaps four or five years. It is our aim to have them understand that it is part of their responsibility to look after themselves. There is one reserve in Ontario, a part of Ontario in which one finds excellent farming land, in connection with which three years ago the relief bill was around $15,000. Here the idea had grown among the Indians that since they were wards of the government, it was the duty of the government to look after them.

We are endeavouring to change all that. Last year on the reserve about which I have just spoken, enough vegetables were grown to carry them through the winter. We had to take out of ordinary appropriations moneys to build root houses, and the like, with the result that relief on that particular reserve has been cut to almost a third of what it was previously. We are endeavouring to get into the minds, not only of the Indians but of the people looking after the reserves, that within a year or two we want relief to become a thing of the past. The purpose behind the measure is to help achieve that end. That is why I said that I had no hesitation whatever in recommending the measure to the favourable consideration of the house.

Mr. WOODSWORTH: I can only repeat that it is most unfortunate that these two distinct measures should be incorporated in one resolution.

Mr. CRERAR: No. If the hon. member will reserve his criticism in that respect until the bill which will follow the resolution is before the committee, I believe he will find that the matters are separate, and must be considered separately.

Mr. WOODSWORTH: I should be permitted to express my opinion on the resolution, because the bill is not yet before us. My suggestion was that it was unfortunate they should be put together because I at least, as one member of the house, have not understood the proposals. I thought there must be some connection between the two.

I can understand the minister's statement that there are wide differences between Indians at Brantford, where for several generations they have enjoyed tutelage, and Indians in those far northern parts of Saskatchewan or British Columbia where they do not enjoy the same advantages. I wish to point out, however, that if revenues are to be derived from these lands, or the minerals contained in them, those revenues ought to be used for the benefit of the Indians. I would insist further that the charges made for the leases issued should be sufficiently great to protect the interests of the Indians. I believe it is true that the Indians have a claim on these lands. It will be difficult for us in the next generation or two to put the Indians on a par with the white people who have had the advantage of several generations of development along modern lines. For these reasons I urge we should not have to make contributions from the general fund to help the Indians when on a great many of these Indian lands there are resources sufficient to take care of the re-education of the Indians.

Mr. BRADETTE: By what standard will the department be guided in deciding that which is or is not a mineral area. I have in mind some difficulties which are being and have for some years been experienced by the province of Ontario. I have also in mind the fact that under the pretence of staking some mining claims, some people took over some of those closed lands. I have in mind the further fact that those lands were covered with valuable timber.

The minister and his department will readily realize the danger they may be in if they are not very careful in setting out a line of demarcation. I know his department has studied the matter from many angles; but I would point out that they would gain much by studying the experience of the authorities in Ontario responsible for the mines who, even at the present time, are having great difficulty. On these lands in certain reserves are found large quantities of pine and spruce, lands which appear very valuable to some big interests—and I use the term "big interests" open-mindedly. Those interests have taken over lands supposedly for purposes of mining, and have robbed them of their timber.

I do not know much about the situation in Quebec, although I do know something of the same kind has happened in the northern part of that province. I am familiar with the fact that it has happened several times in northern Ontario, when land which actually belonged to the crown was stripped of valuable timber belonging to the people. I believe the department is doing its utmost to advance the standing of the Indians. The fact remains, however, that in the last thirty years the opening up of northern Ontario has resulted in pushing back the Indians towards James bay and Hudson bay. They have practically all that field to themselves. In the James bay section there is the possibility of doing some farming. I know, however that the minister is fully aware of the possibilities

in connection with fur farming. He knows what has happened in the last twenty-five years in connection with the development of silver foxes and, to a smaller degree, the production of fur bearing animals of lesser importance. Possibly in this category I might mention the weasel and the otter.

May I point to the minister that in the southern tip of James bay there are several islands which could be well adapted to fur farming. I know it is well known to hon. members in the committee that the majority of Indians living in that section of the country are not prosperous, for the reason I pointed out a few moments ago, namely that the white population has settled the lands and pushed back the Indians. They have been thrown back to the water fringe, and are being held there.

Perhaps the department has already done something; but if it has not, I would urge that the islands I have mentioned are well adapted to fur farming, and offer a wonderful opportunity for the Indians. Possibly some experiments could be conducted in order to ascertain whether or not fur farming could be carried on profitably at that point. In my opening observations I asked what yardstick would be used in deciding that which is or is not a mineral area.

Mr. CRERAR: Before a mine is discovered, prospecting has to be done. If someone obtains the right to prospect for minerals on an Indian reserve, he may find evidence of mineral deposits there. He then asks for the right to diamond drill it, or to sink a shaft, and, if he finds a mineral, to develop it. That is all provided for in the arrangements that are made with him before he starts operations at all. My hon. friend mentioned the matter of timber on the reserve which might be used for mining purposes. I cannot imagine anyone asking for the right to cut a few hundred thousand feet of timber on a reserve for mining purposes unless he had a use for the timber.

Mr. BRADETTE: I meant in the mining claims.

Mr. CRERAR: Well, the timber would be disposed of separately from the right to prospect. In any event this is all subject to the consent of the Indians.

Mr. WOODSWORTH: How is that consent obtained? What is the procedure?

Mr. CRERAR: The procedure is provided for in the Indian Act. It is by a meeting of the band called for the purpose. The matter is placed before them and they vote upon it in the regular way. The procedure by which the consent of the Indian is secured for the disposal of grazing leases or hay claims or pulpwood or timber is set out very clearly in the Indian Act and the regulations that deal with the matter under the provisions of the act. There have been no cases within my knowledge where there has been complaint regarding the disposition of these resources, though there may be instances of which I am not aware.

Mr. STEVENS: I fully appreciate the difficulty of passing regulations that will adequately control the situation as it has been up to the present, and that difficulty will be greatly extended in connection with the proposals of this resolution regarding mining and so on. One of the weaknesses—and I think it is a very grave one—of the present regulations is exactly that to which the minister has now referred. A band of Indians is called together by the leader and then, under the supervision or advice and general direction of the Indian agent, a vote is taken. I am not reflecting unduly on the Indian when I say that very few Indians in these bands, particularly in the more remote districts, are competent to determine what possible future merit there may be in the alleged mineral resources on their property. I think it is something that is entirely beyond their power of comprehension except in rare cases, and even in the more simple processes such as a lease for grazing purposes, and so on, the Indian is very often singularly improvident in his decisions. He is by nature a person who likes to see something by way of money coming in to the band and is prone to surrender almost any right for some immediate and visible gain; and therefore, frankly, this proposal rather disturbs me. There is no doubt that there must be definite and serious government supervision, and by that I do not mean the ordinary supervision under the Indian Act as it exists at present. I mean that the government must act in the capacity of guardian, exercising that power and right in an extremely careful way.

Mr. CRERAR: That will be done.

Mr. STEVENS: I understand that the question has already been asked of the minister, whether he as Superintendent General of Indian Affairs claims on behalf of the Indians the proprietary right to minerals on Indian reserves?

Mr. CRERAR: I asked for a legal opinion from the officers of the crown.

Mr. STEVENS: That is a vital point. Before any decision is made to deal with or lease or handle these mineral rights in any

way, the government ought to settle that point definitely. I have been under the impression that the mineral rights on Indian reserves were inherent in the land itself. That is not so in crown lands; in most provinces the mineral rights are separate and distinct from the surface rights. In the case of most Indian reserves, however, I understand that the mineral rights—and oil is included—are inherent in the land.

Mr. CRERAR: That is right.

Mr. STEVENS: That point ought to be made very clear, because if after the passage of this measure the courts decided that the mineral rights, once they were disposed of, were in the province, then the Indian would be without any recompense for the surrender of these rights. That is a most important point and one that should be determined. As regards the other point which the minister has already dealt with in part, namely, the method of dealing with these leases, I am not satisfied that these valuable mineral rights, which are daily becoming more and more important, should be surrendered or the lease authorized under the present procedure. I am not in any sense reflecting upon the minister as Superintendent General of Indian Affairs or upon his deputy or upon his staff, because generally speaking the Indian department has been carefully and conscientiously administered. But we are considering an estate in relation to which the government is executor or trustee, and it must be administered with all the care which is recognized as belonging to an executor or a trustee position. It strikes me that before this bill is passed the government ought to survey the present method of surrender, and possibly they may find it desirable to clarify or stiffen up the process which hitherto has been followed in connection with these surrenders. I confess that from my own knowledge I am of the opinion that the procedure is altogether too loose. Generally speaking the matter is more or less trivial, only a few hundred dollars being involved. But when you come to this sort of thing, the present method is not, in my judgment, adequate for the protection of Indian rights. So I would urge that the minister be prepared, when the bill comes down, to give definite assurances to the house of sufficient and adequate safeguarding of the rights of the Indians in these matters.

I also feel that we should not issue leases under the proposed act in the same way as we might issue leases or rights on ordinary crown lands, say in the Northwest Territories. In other words, we should not treat mineral activities on an Indian reserve in the same way that we treat such activities on crown lands. There should be a definite royalty system adopted which would be of permanent benefit to the Indians. That is not something which can be arrived at hurriedly without very careful thought. I am not prepared at the moment to offer any suggestions as to the level at which such royalties should be fixed. But they should be adequate and perpetual royalties where valuable mineral deposits are developed, bringing permanent revenue to the Indian band affected. In the southwestern United States there have been some remarkable fortunes realized by Indians through the development of oil reserves on their lands. Something similar might very well develop in some of the northern sections of our country, or indeed in the older provinces where minerals are now being discovered in connection with Indian lands. The point is that the return to the Indians ought to be safeguarded with just as great care as if we were administering an estate in the ordinary sense as trustees or executors.

Mr. TAYLOR (Nanaimo): In view of what has just been said, and bearing in mind that all sub-surface resources are wasting, what has the minister or the government in mind about the justice that should be meted out to the Indians as these resources are taken from the property?

Mr. CRERAR: If I may deal first with the observations of the hon. member for Kootenay East (Mr. Stevens) I do not think there is any question that the Indians have a right not only to what is on the surface of Indian reserves but to what is under the surface as well, in all the provinces of Canada with the possible exception of Quebec. I think the same thing holds true in Quebec; but there is this feature there, that if a reserve is surrendered it goes back to the province; it does not remain in the control of the federal authority.

Mr. STEVENS: Of course the same thing is claimed for British Columbia, in the famous reversionary rights claim.

Mr. NEILL: Does that apply to the reserves in the former railway belt in British Columbia?

Mr. CRERAR: I cannot say as to that at the moment. The hon. member for Kootenay East also referred to the matter of surrender. The government as well as the Indians have to be a party to the disposal of any property on the reserves. If the Indians vote to dispose of certain hay or pulpwood, or, in this

case of certain minerals, their consent alone is not sufficient; the consent of the Indian department is also required. That is where the principle of trusteeship comes in. There may have been in the past errors of judgment in the administration of some of these matters relating to Indian reserves; but on the whole, as far as my knowledge goes, there has been a desire throughout successive administrations to recognize the principle of trusteeship. While at times perhaps what might be called poor bargains were made, this was an error in judgment, not a calculated thing. The only way in which any return can be secured for the sub-surface rights to minerals that exist in these reserves is by providing some machinery to deal with it, and I cannot suggest anything better than what is contained in the provisions of the Indian Act relating to the surface assets, which has stood the test of time. We may say, "We will have nothing to do with it; we will not permit prospecting for oil or minerals; we will leave them dormant in the bowels of the earth." But that does not do any good to the Indians who own the reserve. The problem is to find an intelligent method of providing for development, which will adequately protect the interests of the Indians. I would say that is certainly the aim of the present proposals. This simplifies the procedure to some extent. To the disposal of minerals it applies the same provisions which now apply to the disposal of the surface assets I mentioned, such as timber or hay.

Mr. STEVENS: The purpose of this legislation is to enable the governor in council to make regulations empowering the superintendent general to issue leases of land deemed to contain minerals. The point I am trying to emphasize is that it seems to be implied in the resolution that all that will be done is that an application will be made to lease a large area for the purpose of prospecting for minerals, and, to use the language of the resolution, "to mine and take away the same." If a lease is given, it might be at a certain annual rental. But before any minerals are actually proven to exist certain work must be done, and a lease that would be given before such work was undertaken would probably be of a kind that would not protect the interests of the Indians in case a very valuable property should be developed. So I emphasize the desirability of adding to the terms of the lease the principle of royalty. I can easily visualize some large corporation or group securing a lease and getting a surrender from the Indians, who might think, "Well, there is nothing much there anyway," and the lease might be given on easy terms. Subsequently a Sullivan mine or some other very valuable property is found. The Indians have tied themselves up by a lease, without the royalty feature apparently being contemplated. My suggestion is that, coupled with the power to lease should be a concurrent obligation to safeguard the rights of the Indians by provision for payment of a royalty in case minerals are found to exist.

Mr. STIRLING: The point has now been raised which all the way through has struck me as a curious one. It appears to me that the cart is before the horse in the first part of this resolution. I should have thought that some sort of prospecting would have been done before a lease would be considered, because until prospecting has been done I do not see how either the Indians themselves or possible lessees can be expected to know what areas they want to lease. Would the minister tell the committee what is the origin of this resolution? Are there in some parts of Canada reserves on which minerals are thought to exist and concerning which applications have been made to the government to ascertain how they can be developed? It appears to me it is a matter that should be given the gravest consideration by the government, because such implications are involved. I see in this a small edition of what happened in South Africa in the nineties. Great Britain was the suzerain of the Transvaal at that time, and suddenly the government of the Transvaal found on its hands a particularly nasty mess, because gold in rich deposits had been discovered in a certain part of that country. For aught we know, somewhere in Canada to-day, in proximity to existing mining belts, in certain of the reserves now held by the Indians and in trust by the dominion government, there may exist reefs of that richness. Because of that possibility it appears to me the government should give this matter very close consideration indeed before setting its hand to a method of dealing with it.

Mr. NEILL: I notice the resolution says this is to be done by amendment to the Indian Act. I am not dealing with this particular resolution for the moment, but am

hanging what I have to say on those words. I should like to suggest to the minister that possibly next year—there would not be time this year—he might consider re-enacting the whole Indian Act. It badly needs it. There is more and more contact between the white man and the Indian now in connection with such matters as have been mentioned this afternoon, and more and more need for a modern act. My connection with the administration of the act ceased in 1911, twenty-seven years ago, and at that time it was an obsolete act. To the best of my knowledge it has not been altered to any extent since. Whenever any minister, deputy minister or official took the notion he slammed an amendment into the act regardless of its context or its relation to the other parts of the act. When I was administering the act and somebody was charged before me, if he had a lawyer who proved that the section under which he was charged was wrong or inappropriate I could simply flip over the page and find another section entirely contradictory under which proceedings could be taken.

When the act was drawn up originally I imagine there was no British Columbia, or in any case that the question of British Columbia Indians was not under consideration. Apparently the act was framed having in mind only the conditions on the prairies, and some of the clauses in the act to-day are in direct conflict with some of the provincial laws of British Columbia. Offhand it is rather difficult to say which takes precedence, and this makes trouble for all hands.

So I would suggest to the minister that before another session he might consider carefully whether it would not be advisable to appoint some authority, some lawyer, a small commission or something like that, thoroughly to re-enact the Indian Act from beginning to end.

Mr. CRERAR: As a matter of fact, some consideration has been given the very point raised by the hon. member for Comox-Alberni. In its present form I think the act is open to at least some of the criticism he has just directed against it, and we have been giving some consideration to the question of revamping or redrafting the whole act to make it one coherent piece of legislation so that it will be free from inconsistencies, which it holds to-day. I am glad to have the observations of my hon. friend in connection with that matter.

Mr. STIRLING: Will the minister say whether some insistent incident has arisen which has brought forth this legislation?

[Mr. Neill.]

Mr. CRERAR: No, not in relation to the amendments proposed here, or the one to which my hon. friend particularly referred in regard to mineral rights.

Resolution reported, read the second time and concurred in. Mr. Crerar thereupon moved for leave to introduce Bill No. 138, to amend the Indian Act.

Motion agreed to and bill read the first time.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

EXCHEQUER COURT ACT

CLAIMS AGAINST THE CROWN ARISING OUT OF NEGLIGENCE OF OFFICERS OR SERVANTS OF THE CROWN

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved the second reading of Bill No. 109, to amend the Exchequer Court Act.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, I suppose it remains to me to congratulate the right hon. gentleman upon his action in proposing a change, after due reflection, in the terms of the Exchequer Court Act. This amendment was advocated strongly by the right hon. leader of the opposition (Mr. Bennett) and myself during a long debate in May, 1936, which, at least, eliminated any confusion that was in the minds of hon. members on either side of the house, and in which we finally arrived at a concrete suggestion, that an amendment to the effect of that now brought in should be favourably considered. Section 19 of the act existing reads:

> The exchequer court shall also have exclusive original jurisdiction to hear and determine the following matters:
>
> (c) Every claim against the crown arising out of any death or injury to the person or to property resulting from the negligence of any officer or servant of the crown while acting within the scope of his duties or employment upon any public work.

It is now proposed to eliminate the restriction contained in the words "upon any public work." This bill does not quite cover all the cases of tort. If I remember rightly, it was suggested in the debate to which I referred that the amendment should also cover cases of nuisance; but, with respect to negligence, I think this amendment is all that could be desired at the present time.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Exclusive original jurisdiction.

Mr. LAPOINTE (Quebec East): As the hon. member for St. Lawrence-St. George (Mr. Cahan) has said, this amendment was advocated more particularly by himself and the right hon. leader of the opposition (Mr. Bennett). I must say that on various occasions the courts have made a similar suggestion. Chief Justice Duff was pretty emphatic in the Dubois case about the need of eliminating these words and giving more protection to those who suffered injury while working for the government. The words "upon any public work" have been the cause of many denials of claims which otherwise seemed to be fair.

Mr. CAHAN: And have been the subject of several apparently conflicting decisions.

Mr. LAPOINTE (Quebec East): Interpretations.

Mr. BENNETT: And have brought about the dismissal of many actions.

Mr. LAPOINTE (Quebec East): There is no doubt that this amendment will increase the number of claims by working men who are injured while employed by the government.

Section agreed to.

Bill reported, read the third time and passed.

NATIONAL HARBOURS BOARD

AMENDMENT WITH RESPECT TO RIGHT OF ACTION AGAINST THE BOARD

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved the second reading of Bill No. 108, to amend the National Harbours Board Act.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, to a certain extent this bill must be considered as ancillary to Bill No. 109, which has just received its third reading. When the National Harbours Board Act was up for discussion about two years ago I moved the following amendment:

That section 37 of the bill be amended by adding the following subsections:

(3) That the board shall become and be liable to be sued in tort, and that in the case of any such suit in tort, the same procedure shall apply as that which regulates the conduct of similar cases between subjects, including such matters as discovery, the receiving and paying of costs by the board, and the like.

In discussing that amendment and suggesting the postponement of its further consideration, the Minister of Justice (Mr. Lapointe) said as reported at page 3111 of Hansard of May 26, 1936:

Of course, I am going to vote against my hon. friend's amendment, though with some diffidence, because as I have said I believe that the method is an antiquated one and should be changed, but it should be changed all along the line and not only with respect to a particular part of the public property of Canada. I may say on behalf of my department and, I believe, of the government that before next session we shall prepare a bill which will cover not only the harbours but all public property. We shall try to meet the wishes of my hon. friend, and we believe it would be better to enact general legislation doing away with the petition of right, and doing so with respect to all claims for torts and injuries against the crown in future.

The proposed amendment was lost because of the protest of the right hon. Minister of Justice. At various meetings of the bar association of Canada committees have been appointed to consider the suggestion then made by the Minister of Justice, and from time to time in the most courteous manner possible for me I have asked in the house when the proposed measure would be introduced. This year I was promised that it would be introduced before the close of the present session. I must confess that this amendment carries out, practically to the full extent, the proposition which I first made, but it does not cover all cases of tort.

The amendment provides that any claim against the board may be proceeded with in respect of cases "arising out of any death or injury to the person or to property resulting from the negligence of any officer or servant of the board while acting within the scope of his employment." That is going a long way, and upon that the minister is to be congratulated. It does not go so far as to meet the views which have been presented to the public at several annual meetings of the bar association by its committee, but large bodies move slowly and great minds always take considerable time for reflection before action.

Mr. LAPOINTE (Quebec East): That is the way to achieve real progress.

Mr. CAHAN: I am grateful that we have achieved very considerable progress in the two bills which the right hon. gentleman has introduced. In the discussion on the clauses there are one or two matters to which I should like to draw attention, but I am certainly in favour of the bill so far as it goes, and I

only regret that it does not meet fully the promises, or, shall I say, the suggestions made by the right hon. minister two years ago.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Right of action against board.

Mr. LAPOINTE (Quebec East): Mr. Chairman, I must tell my hon. friend that my intention had been to have a similar bill apply to the Canadian Radio Broadcasting Corporation because it is another agency of the government that is carrying on what is really a public service; but there is a case actually before the courts which has reached the privy council, and a decision will be given, I suppose, in a short time.

Mr. BENNETT: Has it been argued yet?

Mr. LAPOINTE (Quebec East): Not yet, but leave to appeal has been granted.

Mr BENNETT: It probably will not be heard until December.

Mr. LAPOINTE (Quebec East): Maybe, but meanwhile the court of final resort in the province of Quebec has decided that the corporation can be sued.

Mr. BENNETT: They must have read Hansard.

Mr. LAPOINTE (Quebec East): Possibly they have read the remarks of my right hon. friend last year and have been enlightened, as I have been myself.

Mr. BENNETT: That is not what I had in mind.

Mr. CAHAN: They refused to follow the advice of the Department of Justice on which the minister acted two years ago.

Mr. LAPOINTE (Quebec East): I would not go as far as that. The Department of Justice, of course, had to represent the corporation there and argue on its behalf. However, when the final decision is given, if there is necessity to have a bill like this—and this is more than a suggestion—I shall see to it that one is introduced.

So far as doing away altogether with petitions of right is concerned, I do not promise that. I did express what my personal view was at the time, but it was in an unexpected debate. My hon. friend had moved his amendment, and I spoke without having communicated with the various departments of the government. I promised that I would do this, and that is what I have done. I think the same difficulty presents itself as presented itself in Great Britain, and which has prevented the enactment of the recommendations of the special committee which sat from 1921 to 1927 and recommended that very thing which my hon. friend would like to have in this country.

Mr. CAHAN: I do not know that I personally go that far.

Mr. LAPOINTE (Quebec East): I am glad to hear it. Practically they found it very difficult. It would be too long to put on Hansard the very strong objections coming from every department of the government to permitting actions to be taken indiscriminately against officers of the various departments, and it is pointed out that it would hamper their work to a considerable extent. But we are going the distance this bill goes in regard to the national harbours board, and if eventually the same thing is necessary with regard to the broadcasting corporation or with regard to any agency of the government that is really doing the same work that private corporations are doing—

Mr. CAHAN: We shall regard it as a precedent upon which we may build in the future.

Mr. LAPOINTE (Quebec East): I am willing that this should be considered as a precedent.

Mr. BENNETT: Mr. Chairman, I think we have already established a precedent in a small way in connection with small claims against the old Intercolonial railway.

Mr. LAPOINTE (Quebec East): Up to $500.

Mr. BENNETT: Yes. It will be recalled in connection with the larger question of petitions of right that the commission which dealt with it did not propose to permit actions to be brought in all cases, and the reason the commission was appointed was to determine where the line of demarcation should be set—between cases where no petition of right should be allowed, and cases where the right of action should accrue as against a subject. It was to determine where the line should be drawn that caused the long drawn out taking of evidence and the consideration of it by the distinguished law lord who died about two years ago.

I was going to suggest that possibly the minister might consider the advisability of amending the tenth line and using exactly the same words as are used in the Exchequer Court Act. My own observation has been that it is desirable, when you are dealing with the same matter, to use exactly the same

words; for then you have the decisions of the court always applicable to cases that may arise under either act. In the Exchequer Court Act we use the words, "while acting within the scope of his duties or employment," and it might be well if we used exactly the same words here, so that if there is a decision under the exchequer court section it would be equally applicable and binding under this statute. As I say, my own experience has taught me that it is desirable to use exactly the same language, if you can, when dealing with the same subject matter, so that the decisions are equally binding. It would only be necessary to insert in the twelfth line, after the word "his," the words "duties or"; for by turning to Bill No. 109 the minister will observe that those are the exact words used there.

Mr. LAPOINTE (Quebec East): I have no objection to the addition of the words "duties or" before the word "employment" in the twelfth line.

Mr. DUNNING: I move accordingly.

Amendment agreed to.

Mr. CAHAN: If that amendment is accepted, then may I suggest a further change in the same section. In the ninth line I find the words "arising out of any death." I would suggest with all due deference that the words "any claim" should be inserted before the word "arising," so that the section would read:

Subject as hereinafter provided any claim against the board arising out of any contract entered into in respect of its undertaking or any claim arising out of any death.

Mr. LAPOINTE (Quebec East): I have no objection to the change.

Mr. DUNNING: I move accordingly.

Amendment agreed to.

Mr. CAHAN: In line twenty-five provision is made for the service of process. As it now stands it reads:

In any such action, suit or other proceeding process may be served upon a member of the board or upon any port manager or officer or—

And so on. I suggest that this last word "or" be stricken out and that the words "of the board or upon any" be inserted, so that it would read:

—process may be served upon a member of the board or upon any port manager or officer of the board or upon any other person duly authorized by the board to accept such service—

And so on.

Mr. LAPOINTE (Quebec East): I have no objection.

Mr. DUNNING: I move accordingly.

Amendment agreed to.

Mr. BENNETT: In view of the fact the minister has made the declaration he has, indicating the intention to introduce legislation to enable the broadcasting corporation to be sued by private individuals, I wish to ask the minister why an appeal was taken at all from a judgment of the court of last resort in Quebec which decided they could be sued, and then further legislation would not be necessary.

Mr. LAPOINTE (Quebec East): There is the matter of costs, and other things, to be considered.

Section as amended agreed to.

Bill reported, read the third time and passed.

EXCISE ACT AMENDMENT

MISCELLANEOUS ADMINISTRATIVE CHANGES INVOLVING NO ALTERATION IN RATES

Hon. J. L. ILSLEY (Minister of National Revenue) moved the second reading of Bill No. 123, to amend the Excise Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Packages warehoused to be marked; tobacco and cigars excepted.

Mr. BENNETT: I suppose manufactured tobacco includes cigars; is that the idea?

Mr. ILSLEY: Manufactured tobacco includes all manufactured tobacco, except cigars. Apparently cigars do not come within that category, and manufactured tobacco takes in everything else, and chiefly cigarettes.

Section agreed to.

Sections 3 and 4 agreed to.

On section 5—Licence to rectifiers.

Mr. STEWART: The minister might explain this.

Mr. ILSLEY: The rectifying of spirits is done solely by licensed distillers, and as there is no probability of the trade or the business of rectifying being carried on by, or licences being issued to, rectifiers alone, this section might just as well be repealed. There are no rectifiers.

Mr. BENNETT: Was there not one rectifier in Nova Scotia?

Mr. ILSLEY: The last rectifier's licence was issued in Toronto and was abandoned on March 31, 1920, and since that time no licences have been issued.

Section agreed to.

On section 6—Section 132 of the said act is repealed.

Mr. ILSLEY: There is no purpose in providing for a licence for importing and manufacturing stills alone; that is to say, the licence might as well cover not only importing and manufacturing but possessing and using, and so instead of having two sets of sections in the act as before, one set relating to importing and manufacturing and the other relating to possessing and using, under one section the licence will be issued to authorize the licensee to import, manufacture, possess and use.

Mr. BENNETT: Is the language of the other section broad enough to ensure the licence covering all these various activities?

Mr. ILSLEY: As amended, yes. This bill provides for the amendment.

Section agreed to.

On section 7—Application for licence for chemical still.

Mr. STEWART: Is this the section that contains the amendment?

Mr. ILSLEY: This is part of it. This, taken with the next section, covers the situation. Section 133 deals with the application for a licence, and section 134 deals with the conditions of the licence.

Section agreed to.

Section 8 agreed to.

On section 9—Distilling and rectifying licence fee, $250.

Mr. ILSLEY: This takes out of the section the words relating to rectifying.

Section agreed to.

On section 10—Licence fee for chemical still.

Mr. ILSLEY: This section carries out still further the scheme of combining importing and manufacturing with possessing and using.

Section agreed to.

Sections 11 and 12 agreed to.

On section 13—Abatement of spirits re-warehoused.

Mr. ILSLEY: This section is perhaps a little more important; it effects some change in the law. The effect of subparagraph (iii) of section 13 is simply to permit warehousing to go on for more than fifteen years. Subparagraph (iii) is the same as subparagraph (iii) on the opposite page of the bill with the exception of the words underlined. That authorizes the distillers to warehouse for more than fifteen years, without adjusting the legal abatement. There has been no provision for that up to the present, but I do not think there could be any possible objection to it. The next subparagraphs, (iv) and (v) call for a little attention. Subparagraph (iv) relates to distillery stock which is not warehoused stock, and it permits an abatement allowance of two per cent. That is not a new abatement, but it is computed on a different principle from the abatement now allowed.

Mr. BENNETT: It was not statutory before.

Mr. ILSLEY: No.

Mr. BENNETT: It was done by regulation.

Mr. ILSLEY: Yes. There was nothing statutory before, nor was there anything scientific about it; there was nothing definite about it. The rather curious practice in vogue was this, that no matter at what temperature the spirits were tested they were read as of 40 degrees Fahrenheit, and the distiller was required to account only for the gallonage which there would be if the spirits were at 40 degrees Fahrenheit. That would be a quantity somewhat less than the actual quantity. The difference was the abatement allowance which the distiller had. The standard temperature at which spirits are warehoused is 62 degrees Fahrenheit; it is not the temperature at which they are distilled, which is considerably higher than that, and it is certainly not a low temperature such as 40 degrees Fahrenheit. It is proposed now to bring spirits to 62 degrees Fahrenheit, which is the standard temperature, and then make a flat abatement allowance not exceeding two per cent. When this section refers to two per cent it means not exceeding two per cent.

Mr. BENNETT: It says, "not exceeding two per cent." Why should we not say exactly that instead of leaving it open to argument?

Mr. ILSLEY: The distiller is obliged to account for all the spirits he has and that may be only one per cent less than he started with. But if he comes along and has a deficiency of over two per cent, he is allowed

only two per cent. The reason for the allowance is to put a check upon any dishonesty or inefficiency.

Mr. BENNETT: Or dilution.

Mr. ILSLEY: Yes. That would be either inefficiency or dishonesty or both.

Mr. STEWART: What is the effect of this? Is it to permit an increase in the allowance as it has existed in the past?

Mr. ILSLEY: We had a hard time determining that question. It is disputed. In some cases the distillers have asked for a three per cent maximum instead of two per cent, and I really cannot answer the question. For gin there is no doubt that the present deficiency is greater than this, while for whisky it would appear to be somewhat less so far as I can ascertain.

Mr. BENNETT: Computed on the 40 degrees Fahrenheit basis.

Mr. ILSLEY: Yes.

Mr. STEWART: I remember a debate that took place some years ago in this house on the subject matter of this amendment. It was pointed out by a gentleman who was quite familiar with what he was speaking about that the custom had grown up of storing distilled spirits in enamel tanks and other containers in which there was practically no evaporation or absorption, and he contended that, under these circumstances, they were getting allowances which, under the former practice of storing in wood, would have been fair and reasonable but, which under the new practice, were quite the opposite. The minister, I am sure, has considered that. What is the answer?

Mr. ILSLEY: The problem mentioned by my hon. friend would, I think, come under subparagraph V rather than subparagraph IV. It would be a loss in warehousing rather than in what is called distillery stock. What we are talking about now is an evaporation or loss in what is called distillery stock, that is before the spirits are warehoused.

Mr. BENNETT: Spirits in the vats, not warehoused.

Mr. ILSLEY: I think the hon. member is talking about warehoused stock.

Mr. BENNETT: The warehoused stock is dealt with in the next subparagraph. Subparagraph IV deals with the distillery stock in vats.

Mr. ILSLEY: Section 142 of the Excise Act provides for a difference in the abatement allowances as between wooden and metal containers. In the case put by my hon. friend a large abatement allowance does not mean that the distillers necessarily make any more money; they have just a little more leeway for inefficiency or something else. The distiller is obliged to account, not for the original amount of stock less the allowance, but for all he has when the time comes to account; but if that is more than a certain percentage less than he started with he is allowed only that particular percentage.

The next subparagraph deals with warehoused stock, that is stock which is warehoused in wooden barrels. This subparagraph provides for an abatement allowance not exceeding three per cent of the quantity originally warehoused in wooden barrels. It provides that this abatement may be allowed for wood absorption. The department has been doing that for a year or two now. There was nothing corresponding with this particular allowance. This takes the place of the rinsing or "grogging" which they were carrying on. They had a practice of taking the barrels which had been drained of the spirits and running live steam in, which had the effect of extracting from the wood some spirits that they otherwise would not have got. We were obliged to credit that to them. In Great Britain no such practice is permitted, and in 1936 the department passed a regulation forbidding that practice. This three per cent allowance is to compensate the distillers for doing away with that practice.

Mr. BENNETT: The truth is that the liquor is measured out of the vats into barrels, and they become responsible for *x* gallons. Then, when it is withdrawn, they have a margin of three per cent to play with.

Mr. ILSLEY: Right; to make up for wood absorption. There are other abatements in addition to that.

Section agreed to.

On section 14—Least quantity to be warehoused or ex-warehoused.

Mr. BENNETT: Why decrease it from 100 to 30 gallons?

Mr. ILSLEY: They are allowed now to put in as little as they take out; to warehouse as small a quantity as they are allowed to ex-warehouse. There is no particular reason why they should be obliged to put in 100 gallons if they are allowed to take out 30.

Section agreed to.

On section 15—When spirits may be entered for consumption.

Mr. ILSLEY: Spirits, except gin, cannot be taken out unless they have been in for two years. In practice there has always been an exception made in favour of spirits manufactured from native wine, when these spirits are used for fortification purposes by registered wine manufacturers. This simply makes statutory the practice which has heretofore existed.

Mr. BENNETT: I am familiar with the discussion that took place at the time it was done, and the differences of opinion expressed. There was one group who felt that it should not be done; that the spirits used for fortification purposes should be at least two years old. But the exception was in fact made by regulation, and is now being made statutory. I suppose it is a sound exercise of the power of parliament to do it, but I know there was a sharp conflict of opinion at the time.

Mr. ILSLEY: I am informed that it is satisfactory to the trade and has been carried on for seven or eight years now.

Mr. BENNETT: Yes, ever since they started to use the fortification after the inability to use certain types of sugar.

Item agreed to.

On section 16—Second convictions under other provisions of same sections deemed subsequent offence.

Mr. ILSLEY: There are two sections of the act which enumerate certain offences against the act, sections 164 and 169. Last year another section, 169B was passed, which does not add more offences, but has to do, if I remember correctly, with charges of having in possession. As the law stands, apparently, if an offender is convicted of one of the offences enumerated in these two sections, and then later is convicted of another offence, he can be punished on that second occasion only as for a first offence, although he is to all intents and purposes a second offender. The effect of this section is to make him punishable as a second offender even though it is a different offence; but it must be one of the offences enumerated in these two sections, 164 and 169. These sections are aimed at bootlegging.

Section agreed to.

On section 17—Amount of bond.

Mr. BENNETT: Why raise it from $2,000 to $5,000?

[Mr. Ilsley.]

Mr. ILSLEY: The increase in the duty on malt to six cents doubles the amount there involved, and the bond was not increased at the time the rate was raised.

Mr. BENNETT: But having regard to the minister's well known economic views, surely he does not want to raise the bond from $2,000 to $5,000 in contemplation of the possibility of continuing the duty of six cents a pound on malt. It would be a monstrous sort of thing, to suggest that he would even think of it! Why should he raise the amount of the bond now merely because in a fit of economic unreasonableness parliament imposed a duty on malt of six cents a pound instead of, say, two cents, which would be in accordance with the tenets of Adam Smith and the free traders, or possibly only one cent?

Mr. ILSLEY: That is one kind of freedom of trade, but not the kind we usually talk about.

Section agreed to.

On section 18—Beer casks, barrels and bottles to be stamped with name and address of brewer or bottler, and other prescribed information.

Mr. BENNETT: Perhaps we have gone a long distance the other way now, Mr. Chairman. As the statute was worded originally, the label had to show in conspicuous type the name and address of the brewer or bottler of the said beer and also the percentage of proof spirits contained therein. Now we are going to leave the department to determine what information shall be given on the label. Is it not rather asking for departmental regulation of something which, in view of the policy indicated by previous sections—that is, making provision by statute for what heretofore has been a matter of regulation—should be dealt with in the same way? I suggest this is a movement in the wrong direction. So far the whole theory of the minister has been that it is desirable to have in the statute what we used to have in the regulations. Now we are going to reverse that and put in the regulations provision for a label that hitherto was provided for by statute. The minister will remember that there has been a good deal of discussion about this very matter. This is rather substituting for the will of parliament the will of the departmental official or officials. The section now reads:

—there shall at all times be securely fixed by the brewer or bottler of the said beer a label showing in conspicuous type the name and address of the brewer or bottler of the said beer and showing also the percentage of proof spirits contained therein.

Now we are going to have a label bearing such information as may be prescribed by departmental regulation. That is an entire departure from the general policy of the administration and is substituting for the will of parliament regulations made by individuals. It does not follow that you are going to have the name of the brewer on the bottle, whereas by statute we now have that. I suggest that if you are going to do this, you should leave in the words "showing in conspicuous type the name and address of the brewer or bottler of the said beer." Then you can add "such other information as may be prescribed by departmental regulations." I make that suggestion to the minister only because I think it will be admitted that there has been a great deal of difficulty about the names of the products of the breweries. Some of them have held that their labels have been copied, and matters of that sort. If we leave it as I have suggested, the label will show the name and address of the brewer or bottler of the beer and such other information as may be prescribed by departmental regulation.

Mr. ILSLEY: I shall be very glad to accept that suggestion, and personally I am inclined to agree with it. There is no doubt that any regulation made would provide for the name and address—

Mr. BENNETT: But it might not.

Mr. ILSLEY: That is possible. I shall ask the Minister of Finance to move the amendment.

Mr. BENNETT: After the word "label" in line 28 there should be inserted the words "showing in conspicuous type the name and address of the brewer or bottler of the said beer and such other," which will come in before the words "information as may be prescribed by departmental regulations."

The CHAIRMAN: The section as amended will read:

—and on every bottle containing beer, there shall at all times be securely affixed by the brewer or bottler of the said beer a label showing in conspicuous type the name and address of the brewer or bottler of the said beer and such other information as may be prescribed by departmental regulations.

Mr. DUNNING: I move the amendment.

Amendment agreed to.

Section as amended agreed to.

On section 19—Subsection 2 of section 242 of the said act is repealed.

Mr. ILSLEY: The only reason for this subsection is that now the duties on raw leaf tobacco are customs duties, not excise duties. Formerly the duties on imported raw leaf tobacco were called excise duties, but that is no longer the case. Therefore the sections relating to the duties on raw leaf tobacco should come out of the Excise Act, and a number of the sections following will take them out. The change was made in 1936.

Section agreed to.

On section 20—Packages of tobacco and cigars to be marked.

Mr. ILSLEY: This section is to provide for a changed condition in the tobacco factories. Cigars are put up in cartons now, in many cases, rather than in wooden boxes. Under the old section information had to be stamped, burned or impressed into the box or indented in a legible and durable manner, and so on. This section provides that the information may be printed or stamped or burned or impressed on the package in such way as may be provided by departmental regulations.

Mr. STEWART: The main difference, as I see it, is that the number of cigars in a box must now be stamped on the box, whereas under the old section such was not the case. I assume this is to meet the case where a dummy cigar is put in to make up a required number because of an increase in price, or for duty purposes or something of that kind.

Mr. BENNETT: I must say that I do not think the minister should ask us to adopt this section. Having asked us to provide by statute what has heretofore been dealt with by regulation, and in my judgment properly so, he now asks us to abandon that principle and provide that the department shall have complete control of what is to be placed upon cigar boxes. This is an exact negation of the law that has been in force all these years. I believe that law has worked very satisfactorily. It has been provided that each package shall bear the registered number of the manufactory where made, the number of the excise division in which the manufactory is situated and the number of cigars contained in each box. I think that statutory provision has been of the greatest possible value. There is another reason. When you do it by regulation you are relying upon a knowledge of the law being possessed by everybody in the sense that they should possess it. By so doing, we have departed from the usual salutary rule that in connection with any statutory law there is an opportunity afforded to every man to know what the law is. If it is a departmental

regulation, he may never see it and he may unconsciously find himself violating a law which he has no desire or intention to violate. This is a negation of the theory upon which the minister has proceeded until the last two sections. I suggest that he say that all packages containing manufactured tobacco shall have stamped, burned or impressed into them or indented, the very words that appear here, namely, "the registered number of the manufactory where made." He should make no change in the law. The law now says that a positive and essential thing is to be done under departmental supervision or regulation. I think that should continue. To say that the department shall become the law making body is, I suggest, at variance with the minister's well known principles, however highly it may be considered for bureaucratic purposes by those who administer the act. The effect of that upon some officials is at once apparent.

Mr. ILSLEY: I just want to point out that there is a great difference between the subject matter of the previous section and the subject matter of this one. The matter of abatement allowances is an exceedingly important one and should be statutory in character. Prima facie a distillery should account for the amount of spirits which come into its hands. If abatements are to be allowed, that matter should not be left to departmental regulations. But here we are dealing with minor matters, giving the public some information about—

Mr. BENNETT: The number of cigars in a box, for instance. That is most important.

Mr. ILSLEY: What motive could any officer have for suppressing information like that? The officers will do the sensible thing in these matters.

Mr. BENNETT: It puts the officers just where they should not be placed. That is the reason why parliament did it. It did it for one definite and positive reason. You do not want to place the officials in the position where they have to determine these things. They may be subject to surroundings and conditions to which they should not be made subject. I have seen enough in the practice of my profession to know "how oft the sight of means to do ill deeds, makes ill deeds done." When an officer is in a position where he must say, "Mr. Jones, I cannot do this; parliament has done so and so," you realize how desirable it is that this should thus be done. But this is to be governed by regulation. I think that is wrong. I know what my distinguished and learned friend the minister would say if conditions were reversed to-night and he were here and I were there.

Mr. ILSLEY: I think I would raise the question on something more important than the number of cigars in a box.

Mr. BENNETT: My own experience, when I was on the other side, was that the measure of fuss made was in direct ratio to the insignificance of the point raised.

Mr. STEWART: What is the object in making this change? What is the difficulty? What is wrong with the present working of the law?

Mr. ILSLEY: The section had to be changed to provide for printing instead of stamping and burning and so on, and the section has been widened so that if it is necessary to provide for any particular information on a container, that can be done by order in council. It is made more elastic. This is a small administrative matter.

Mr. BENNETT: Oh, no, it is not. Let me say something more to the minister since he has mentioned it. The history of this is rather interesting. I wonder if the minister realizes why it was stipulated that these words should be burned in? The story is very interesting. It was to prevent the putting on of faked labels. There is nothing more interesting than the history of the development of our institutions. There are many things on our statute books that may appear to be silly, but there are excellent reasons why they were put there. The burning of information upon the ends of beer barrels and upon cigar boxes was to prevent the very thing that during prohibition days in the United States became so prevalent. Labels were manufactured by beautiful steel engraving processes, sometimes abroad, and were placed upon bottles of liquor that had no real connection with the name upon the label. I happen to know that because I had to deal professionally with the matter. I fancy the minister remembers something of what happened.

We are now to do something we have never done before. We are substituting printing. I wonder if the minister has taken the trouble to look at the excise stamps that are put upon these packages? I took the trouble not long since to look at a wooden cigar box. I wondered at the time why so much particularity and pains had been taken to stamp the name of the manufactory upon the box. This box also contained an excellently prepared stamp, and then I found certain words

had been burned in. I saw at once the reason. You will find that all this legislation which has to do with matters of this kind is to make it more difficult to produce a bad article and palm it off as a good one. I really do not understand why this change is being made. A year ago, in connection with the Customs Act, I pointed out certain words in the statute and the minister told me that those words had been there a long time and had proved satisfactory. If he will turn up Hansard, he will find that was what he said. Here we have the same thing. This statute has been found eminently satisfactory. There has been no complaint. However, somebody has to show some justification for living and so he goes to work and says to the minister, "We are going to change this." It is said that you cannot burn this information into the cardboard cartons now being used. Of course you can; it is just a matter of placing the hot iron against the carton and searing it in.

It seems to me that in this great struggle for modernity we perhaps lose sight of the value of what to some of our bureaucratic friends may seem to be antique customs. It is well to remember that there is a good reason for all of these things. Long before my young friend was born, this was being done and it was found to be entirely satisfactory. After all, he should realize that the old rule is a sound rule. Unless the continuance of a rule will work a hardship, it is not a bad thing to cling to it. If he wants authority upon that, I have no doubt he will find it in the Book of Ecclesiastes. I do not remember the exact chapter, but the authority is very clear and it is powerfully put.

Section agreed to on division.

On section 21—Completion of manufacture of tobacco and cigars.

Mr. BENNETT: Reverting to section 20 for a moment, Mr. Chairman, did anyone ask for an amendment such as that?

Mr. ILSLEY: No.

Mr. BENNETT: I thought it was born of the imagination.

Mr. ILSLEY: I thought my hon. friend was referring to section 21. Section 20 has been carried.

Section agreed to.

Section 22 agreed to.

On section 23—Deficiency between raw material and products of manufactory.

Mr. ILSLEY: The present deficiency allowance is six per cent in these tobacco factories, and the experience of the department indicates that this allowance is too great. The amendment enables the allowance to be reduced by order in council, but the statutory limit of six per cent still remains. In addition, cigars are now for the first time brought within the provisions of the section.

Mr. BENNETT: I think that true Liberalism must find great difficulties in giving a reason for this amendment, having regard to what used to be said in days gone by. We are merely substituting the governor in council for parliament; that is all.

Mr. ILSLEY: No; the statutory limit remains.

Mr. BENNETT: It may be so carefully and wonderfully made that I cannot read it properly, but the section as I read it says "may be established by the governor in council." Those are new words.

Mr. ILSLEY: But it says, "but shall not at any time exceed six per centum."

Mr. BENNETT: Certainly. In other words, you are doing something by order in council, which must be a very great strain—

Mr. LAPOINTE (Quebec East): It is.

Mr. BENNETT: I thought so, and so very great a strain that I shall content myself with drawing attention to it.

Section agreed to.

Section 24 agreed to.

On section 25—Tobacco stems and sweepings, etc.

Mr. BENNETT: They used to destroy them, but now I see we are going to dispose of them.

Mr. ILSLEY: Any reason why we should not?

Mr. BENNETT: I was going to ask, Is there any good reason why we should not destroy them?

Mr. ILSLEY: It is a waste. They can be used for the making of insecticides.

Mr. LAPOINTE (Quebec East): That is Liberal doctrine.

Mr. BENNETT: Quite.

Section agreed to.

On section 26—Determining payment of duties.

Mr. BENNETT: That is in accordance with the provisions of the previous section in connection with sweating tobacco?

Mr. ILSLEY: Yes.

Mr. BENNETT: It is left now to the imagination and good will of the officials.

Section agreed to.

Sections 27 and 28 agreed to.

On section 29—Warehousing and ex-warehousing of tobacco and cigars.

Mr. ILSLEY: This amendment just takes out the reference to raw leaf tobacco.

Section agreed to.

Section 30 agreed to.

On section 31—Sections 275 to 283, both inclusive, and 292 to 294, both inclusive, repealed.

Mr. STEWART: Would the minister be good enough to explain just why this section is here? I have not read the act.

Mr. ILSLEY: All these sections which are being repealed relate to foreign raw leaf tobacco, which is not now to be dealt with by the Excise Act at all because it is dutiable under the customs tariff and is subject to the provisions of the Customs Act. Formerly the Excise Act governed it, but now the Customs Act governs it.

Mr. STEWART: So these sections are really a duplication now?

Mr. ILSLEY: Yes.

Section agreed to.

On section 32.

Mr. STEWART: The note on section 32 says:

The paragraph designation "(a)" as it presently appears in subsection 1 of section 296 is improperly placed, and the amendment simply moves it to its proper place in the subsection.

The amendment simply moves it to its proper place?

Mr. ILSLEY: Yes; there is no change in the wording.

Section agreed to.

On section 33—Unlawful removal of tobacco or cigars.

Mr. ILSLEY: This makes it an offence to permit or allow the removal of tobacco or cigars.

Mr. STEWART: What is the difference in the penalty?

Mr. ILSLEY: It is not to be mandatory in the future, but there is to be an option of fine or imprisonment. In the past both fine and imprisonment were mandatory.

Mr. STEWART: But "and" is read "or" sometimes.

[Mr. Ilsley.]

Mr. ILSLEY: It could not be in this case. It is either a fine or imprisonment. In the past it has been both fine and imprisonment. This is more lenient.

Section agreed to.

On section 34—Coming into force of sections 20 to 31.

Mr. STEWART: Is this just to get it into the fiscal year? I see the note says:

It is not proposed to bring the sections referred to into operation until the commencement of the fiscal year 1939-1940.

Mr. ILSLEY: The reason for delaying the coming into force of the section is because the regulations are being worked out. A great deal of work on the regulations is necessary, and has not been completed. Probably it will not be fully completed until next spring. It is for that reason it is asked that the sections shall not become effective until April 1, 1939.

Mr. STEWART: I suppose any of the old labels or materials complying with the existing act could be used up in that period of time.

Mr. ILSLEY: That would be possible, yes; but it is not the purpose of the delay. I suppose it would be necessary to make some such provision in the regulations, and the delay enables that to be done.

Section agreed to.

Bill reported.

SUPPLY

VALIDITY OF QUEBEC STATUTE—STATEMENT OF MR. WOODSWORTH ON MOTION OF MINISTER OF FINANCE

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee of supply.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, before you leave the chair I should like to call the attention of the house to a serious situation arising out of the enactment of the so-called padlock law, properly entitled, "An act to protect the province against communistic propaganda."

Shortly after the bill was passed last year by the Quebec legislature—

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, if the hon. member would permit me, I should like to call his attention to one or two points. I do not know whether a point of order should be raised, but I think a discussion of this matter is at least of doubtful order at this time.

The disallowance of provincial legislation is not a matter subject to the parliament of Canada. I mean it is not the parliament of Canada which has to do with the disallowance of provincial acts. That does not come under section 91 of the British North America Act, which covers all that is within the jurisdiction of the parliament of Canada. It comes under a special section, namely section 90, which coupled with section 56 of the British North America Act provides that provincial statutes have to be sent by the lieutenant governor of the province to the Secretary of State, and that the governor in council, if it thinks fit, may within one year disallow this legislation, or allow it to take its proper course. It is an action for the governor in council, and not for the parliament of Canada.

Of course the parliament of Canada may criticize the action of the governor in council. The governor in council is responsible to parliament and when the governor in council has taken action under the constitution its action or lack of action is a proper subject for discussion by parliament. But so long as the delayed time within which legislation has to be considered and passed upon has not expired, and so long as no action has been taken, there is no possible grievance on the part of any member of parliament with regard to the action or inaction of the governor in council, and the discussion would be merely a discussion of a provincial act, which should not take place.

Moreover the Minister of Justice who has to consider such legislation first has to make his recommendation to the governor in council, not to parliament. And may I call the hon. member's attention to this fact: I shall not be able to answer anything he says to-night about it. I cannot give my report to him or to the house; my duty is to give the report and make the recommendation to the governor in council. So all the hon. member may say will be in the nature of representations which have been made by various parties with regard to this legislation. Does he not think that interference by the House of Commons in a matter of this kind, one which under the constitution has to be dealt with by the governor in council, is rather exercising a pressure amounting to almost intimidation upon the Minister of Justice; because I shall have to do my duty and deal with the matter as I think it should be dealt with, irrespective of what the hon. member may say to-night.

What I have said is in conformity with the practice. The practice is that when a decision has been reached in connection with a matter of this kind an hon. member may move for the production of papers, and then it is discussed in parliament by way of motion or otherwise. That is the proper time to do so. I would call the hon. member's attention to what Lefroy says at page 32 of his book, Canada's Federal System.

> Moreover the dominion House of Commons cannot constitutionally interfere with the operation of provincial acts by passing resolutions urging their disallowance by the Governor General.

Lord Kimberley in a dispatch of June 30, 1873, said:

> If such resolution were allowed to have effect, it would amount to a virtual repeal of the section of the British North America Act, 1867, which gives the exclusive right of legislating on these matters to the provincial legislatures.

As I have said, I hesitate to raise a definite point of order, but I do not think this is a proper way of proceeding with a matter of this kind. I would not like to establish a precedent whereby the legislation of provinces may be discussed in the House of Commons before action has been taken on them in the way provided for by the constitution. If it is done with regard to the so-called padlock law, nothing would prevent anyone from on another day raising the question as to why we should not disallow the recent legislation of the Alberta legislature, or that of any other province. This is not the way which the law provides for, and I believe it is establishing a bad principle. As I have said to my hon. friend, if he proceeds with his remarks, I am sorry, but I shall not be able to say a word about it in reply to him. And it is not very pleasant for any man not to have a reply made on a question of this kind.

Right Hon. R. B. BENNETT (Leader of the Opposition): My right hon. friend the Minister of Justice (Mr. Lapointe) must have overlooked the leading authority on the case. Listening to him, I at once realized that the greatest debate which has ever taken place in this house on the question of disallowance was with respect to the Jesuits' bill. On a motion to go into supply an amendment was moved. I have it beside me; I sent for it while the right hon. gentleman was speaking. It was moved by Mr. O'Brien:

> That an address be presented to His Excellency the Governor General, praying him to disallow an act of the province of Quebec intituled: "An act respecting the settlement of the Jesuits' estates;" Debate thereon adjourned.

That will be found at page 56 of the index. My right hon. friend is not concerned about the several adjournments that took place, and therefore I quote the following:

The order of the day being read, for resuming the adjourned debate on the question which was, on Tuesday last proposed, That Mr. Speaker do now leave the chair (for the house again in committee of supply);

And proposed amendment thereto, That all the words after "That" to the end of the question be left out, and the words "it be resolved, That an humble address be presented to His Excellency the Governor General setting forth:

"1. That this house regards the power of disallowing the acts of the legislative assemblies of the provinces, vested in His Excellency in council, as a prerogative essential to the national existence of the dominion.

"2. That this great power, while it should never be wantonly exercised, should be fearlessly used for the protection of the rights of a minority, for the preservation of the fundamental principles of the constitution, and for safeguarding the general interests of the people.

"3. That, in the opinion of this house, the passage by the legislature of the province of Quebec of the act intituled: "An act respecting the settlement of the 'Jesuits' Estates'," is beyond the power of that legislature. Firstly, because it endows from public funds a religious organization, thereby violating the undoubted constitutional principle of the complete separation of church and state, and of the absolute equality of all denominations before the law. Secondly, because it recognizes the usurpation of a right by a foreign authority, namely, His Holiness the Pope of Rome, to claim that his consent was necessary to empower the provincial legislature to dispose of a portion of the public domain, and also, because the act is made to depend upon the will, and the appropriation of the grant thereby made is subject to the control of the same authority. And thirdly, because the endowment of the Society of Jesus, an alien, secret and politico-religious body, the expulsion of which from every Christian community wherein it has had a footing has been rendered necessary by its intolerant and mischievous intermeddling with the functions of civil government, is fraught with danger to the civil and religious liberties of the people of Canada.

"And this house therefore prays, that His Excellency will be graciously pleased to disallow the said act," inserted instead thereof;

And the question on the amendment being again proposed: The house resumed the said adjourned debate.

And the house having continued to sit till after twelve of the clock on Friday morning;

Friday, 29th March, 1889.

And the question being put on the amendment; the house divided: and the names being called for, they were taken down, as follow:

Yeas, 13; nays, 188.

So it passed in the negative;

Then, the main question being put; It was resolved in the affirmative.

Ordered, that Mr. Speaker do now leave the chair.

The house accordingly again resolved itself into the committee of supply.

The amendment was moved on March 26, 1889, and taken up on the next day on the motion to go into supply. It was again adjourned. It was maintained day after day until finally disposed of on March 29. I am speaking only from memory, but I have sent for Hansard of that date. My recollection is that Sir John Thompson on that occasion made that great speech which established his reputation, in answer to Mr. McCarthy; and if I remember rightly, he did not make any point as to the amendment not being in order. He made the great speech of his life on that occasion.

Mr. LAPOINTE (Quebec East): He had made up his mind against disallowance at the time he spoke.

Mr. BENNETT: The question whether he had made up his mind or not had not been indicated because the motion was that it should be disallowed.

Mr. LAPOINTE (Quebec East): Yes; but it was because they were still within the delay of one year. But everyone knew that the government refused to disallow.

Mr. BENNETT: No. The minister's memory, again, is not playing him fair. The governor general himself referred the matter to the law officers of the crown in England—the Attorney General and the Solicitor General of England—and among the letters of Sir John A. Macdonald, which I happened to be reading a few nights ago, I came across that one in which he dealt with a particular phase of the matter, namely, the date when the opinion of the law officers might be expected. It is also within my memory that Sir John Thompson sent him a memorandum with respect to his views upon a certain phase of the question, namely, the reference to the supreme court. The minister will recall that it was later proposed it should be referred to the court for an opinion and that was negatived. At page 842 of the Commons' Debates of March 27, 1889, we find Mr. McCarthy's speech; Sir John Thompson's speech begins at page 862 and continues for several pages, and in the course of it he reviews all the authorities.

Then the matter was debated by other members. My memory is that Mr. Mills of Bothwell made a substantial contribution to the debate. Sir John A. Macdonald was still living, and Mr. Mills commenced his speech by complimenting him upon the skill with

which he had avoided the difficulty which had confronted him. He said, as reported at page 872 of Hansard of that year:

> The hon. gentleman finds himself face to face with what may become a dangerous agitation, involving the administration of which he is the head. That agitation was begun by a journal conducted with more than ordinary ability, and characterized by what may be called a spirit of aggressive protestantism; and it has gradually drawn to its side a large portion of the press of the country, and a very great deal of discussion adversely criticizing the conduct of the government has taken place in public meetings at several places in the province of Ontario.

Sir John A. Macdonald was then in the house because he intervened to ask a question with respect to what had occurred. He said, among other things, that the preamble is not part of the bill. So as far as this matter is concerned, it is merely a discussion by this chamber of something within its right, namely, to express an opinion whether or not the right hon. gentleman should exercise his power if an hon. gentleman does move a motion, as to which he has not yet indicated his intention.

There are two phases of the matter to which Sir John Thompson directed attention. The first was what might be described as the customary view, namely, the question of leaving the matter to the courts, which was subsequently debated at length; and the second, the question of policy, whether or not it was desirable as a matter of policy to deal with it in a certain way. And as a matter of policy the language of the debate makes it abundantly clear that this chamber should at all times have the right by a majority of its members to instruct the government how it should discharge a duty. That has been from time immemorial the right of this chamber, and I fancy will continue to be long after we have gone; the right to say by a majority that this government, or some other government which may be put in its place if the majority so wills, shall discharge its duty in a given way. That is the high function of parliament. When it comes to a question of this kind, which is not a question of law but of policy, the right is clear beyond peradventure and has been established by a series of amendments to the motion to go into supply by which instructions have been given from time to time to the government. I will give an illustration at once—the New Zealand treaty. An amendment was moved to the motion to go into supply suggesting that the New Zealand treaty should be terminated, and the Minister of Finance accepted that amendment and gave notice terminating that treaty. That is within the memory of many hon. members who were in the house in those days. He reconstituted his committee of supply on the strength of it. Under those circumstances it is clear that on that occasion what we did was to intimate by our votes, which ultimately became unanimous, that in the opinion of the house a certain policy should be pursued, which policy was in fact pursued by the government accepting the amendment on going into supply.

Mr. DUNNING: But that was a different situation entirely.

Mr. BENNETT: No; exactly the same, not the slightest difference in the world. The fact that a lawyer is concerned about making up his mind has nothing to do with the question of policy. And the address that was presented by Mr. O'Brien was that his excellency in council do so and so; that the government of the day do so and so. It would seem fatuous to suggest that any question could arise with respect to that. It was that his excellency in council should take certain action. It has been the right of parliament since the days of Queen Anne to determine by its vote in the Commons house the action that should be taken by the executive. In other words, to use the language of a lord chancellor in England in connection with a Canadian reference, "Parliament can always control the executive." Those are words that must always be kept in mind. And in a matter of this kind that means the House of Commons, because under our constitution there must be a majority in support of the government in the Commons house of parliament in order that the government may exist.

So we have a very simple situation, about which there can be neither doubt nor dispute; the right of this chamber on going into supply to indicate by its vote if it so wishes the policy that should be pursued by the administration with respect to any matter with which it is within the power of this parliament to deal. And this parliament may condemn action that is taken or it may by a majority determine what action should be taken. I take the New Zealand treaty as a striking illustration in connection with that great speech of Sir John Thompson which I have not read for some years but some portions of which come back to my mind as I stand here; the reasons are apparent why he did not raise the question as to whether or not this house had the right to take suggested action. It was not the accomplished fact he was dealing with but something which it was suggested he should do and that the government of which he was

a member should do as a matter of high policy. And the House of Commons negatived it by a vote of only thirteen opposing the government view on the merits of the case as presented to the house by Sir John Thompson on behalf of the government and by Mr. McCarthy really from a legal standpoint on behalf of Mr. O'Brien who made the amending motion on going into supply.

Mr. LAPOINTE (Quebec East): Mr. Speaker—

Mr. WOODSWORTH: Shall I get a chance to say a few words on a point of order?

Mr. LAPOINTE (Quebec East): I have now to raise the point of order. I did not do so when I spoke first but the remarks of my right hon. friend compel me to raise the point of order. I absolutely disagree with and contest the contention that the House of Commons may instruct the governor in council as to whether provincial legislation should or should not be disallowed. It may condemn the government afterwards—

Mr. BENNETT: They did it on the New Zealand treaty.

Mr. LAPOINTE (Quebec East): The governor in council is answerable to parliament and if parliament condemns the action that has been taken the government goes; it has lost the confidence of parliament because of the action it has taken. But under the British North America Act this House of Commons cannot instruct me as Minister of Justice as to what recommendation I must make to the governor in council as to the validity or fairness or constitutionality of legislation. The governor in council must act after that recommendation has been given, but the House of Commons cannot instruct me as Minister of Justice as to what recommendation I should make. I am surprised that my right hon. friend should contend—

Mr. BENNETT: There is no doubt about it.

Mr. LAPOINTE (Quebec East): —that I should receive instructions from him or the hon. member for Winnipeg North Centre or anybody as to my recommendation to the governor in council.

Mr. BENNETT: No; the direction is that the governor in council disallow.

Mr. LAPOINTE (Quebec East): But I must act first; the governor in council acts upon my recommendation.

Mr. BENNETT: That has nothing to do with it.

[Mr. Bennett.]

Mr. LAPOINTE (Quebec East): Even there I will follow my right hon. friend. This House of Commons cannot instruct the governor in council as to a duty—

Mr. BENNETT: Oh, yes, it can.

Mr. LAPOINTE (Quebec East): —which is given to the governor in council by the constitution. This House of Commons can dismiss the government after it has acted because the action of the government does not meet the approval of the House of Commons, but it cannot instruct the governor in council as to what should be done.

Mr. BENNETT: It did about the New Zealand treaty.

Mr. LAPOINTE (Quebec East): That was a matter of trade and commerce. This is within the jurisdiction of the parliament of Canada, under section 91, while this other matter is given not to the parliament of Canada, but by section 90, to the governor in council, to the queen in council, when this power of disallowance existed as far as dominion legislation is concerned. I say that I cannot be instructed as to what action should be taken, but I am responsible to parliament afterwards if the action of the governor in council does not meet with the approval of parliament.

My right hon. friend (Mr. Bennett) quotes the instance of the Jesuits' estates motion in 1889. When he quoted that I told him the government of the day had then made up its mind not to disallow the legislation. The whole debate was on the question as to whether the government had done well to refuse to disallow the legislation. Sir John Thompson made that great speach to which my right hon. friend alluded, showing that the legislation should not have been disallowed and that the government did well not to disallow it.

Mr. BENNETT: No, no.

Mr. LAPOINTE (Quebec East): I will show it; I have a reference here too. I am going to show the house and my right hon. friend that the government had reached that decision before the debate took place in the House of Commons. I quote the words of no less a personality than Sir John A. Macdonald, the then Prime Minister. At page 908 of Hansard for March 28, 1889, showing clearly that he had decided that the bill was not to be disallowed, he said:

I agree strongly with the language used by the hon. member for North York (Mr. Mulock). Supposing this bill had been disallowed, Mr. Mercier would have gained a great object. He would have been the champion of his church. The moment it was announced that this bill

was disallowed there would have been a summons for a meeting of the legislature of Quebec. They would have passed that bill unanimously, and would have sent it back here, and what would have been the consequence? No government can be formed in Canada, either by myself, or by the hon. member who moves this resolution (Mr. O'Brien), or by my hon. friend who sits opposite (Mr. Laurier), having in view the disallowance of such a measure. What would be the consequence of disallowance? Agitation, a quarrel—a racial and a religious war would be aroused. The best interests of the country would be prejudiced, our credit would be ruined abroad, and our social relations destroyed at home. I cannot sufficiently picture, in my faint language, the misery and the wretchedness which would have been heaped upon Canada if this question, having been agitated as it has been, and would be, had culminated in a series of disallowances of this act.

Clearly, plainly, the government had then decided that there would be no disallowance, and Sir John A. Macdonald was pointing out to parliament at the time what dire consequences would have resulted if the legislation had been disallowed by the governor in council. So I think it is clear that the two cases are not identical. At the time the twelve month period had not expired—

Mr. BENNETT: It has not expired in this instance, either.

Mr. LAPOINTE (Quebec East): In this case nothing has been done; we are still within the period. We shall have to do something. There will be a recommendation; the governor in council will act; then, I repeat, the action of the governor in council will be subject to the approval or disapproval of the House of Commons, and the life of the government will be at stake. That is all. Until that happens, I do not think it is proper for either the hon. member for Winnipeg North Centre or any other member of parliament to try to instruct me as to the recommendation I should make, or to try to give the governor in council instructions, as my right hon. friend has used the word, as to the action that should be taken.

Mr. WOODSWORTH: As yet I do not think the Minister of Justice has definitely raised a point of order.

Mr. LAPOINTE (Quebec East): I have.

Mr. WOODSWORTH: Then I would ask the Minister of Justice to state the point of order.

Mr. LAPOINTE (Quebec East): I cannot state it more plainly.

Mr. WOODSWORTH: Then will the minister let me go on until he finds that I am not in order?

Mr. LAPOINTE (Quebec East): We cannot both speak at once.

Mr. WOODSWORTH: I was speaking when the minister interrupted me, and prior to that time there had been nothing whatever that was out of order. The minister interrupted and brought on a discussion without being able to point out any particular in which I was out of order. Taking the words out of his mouth, I should like to say that I am not seeking to instruct the government. I have no such idea in mind, and in the few introductory remarks I made there was no suggestion of anything of the kind. Further than that, I have no motion before the house, nor do I intend to make one. How, then, can the Minister of Justice talk about instructing the government, before there is any motion before the house?

Mr. LAPOINTE (Quebec East): Let my hon. friend be fair. He knows that those words were used by the right hon. leader of the opposition.

Mr. WOODSWORTH: I am speaking to the point of order, or the suggested point of order. I say the Minister of Justice had no right to interrupt me when there was no motion before the house. I am under a debt of gratitude to the right hon. leader of the opposition (Mr. Bennett)—

Mr. BRADETTE: Oh, yes.

Mr. WOODSWORTH: For what? For attacking this question of disallowance, but as a matter of fact I had no intention of bringing up the matter of disallowance.

Mr. LAPOINTE (Quebec East): Then, what is the hon. member talking about?

Mr. WOODSWORTH. Give me a chance to tell the right hon. gentleman. The minister has been talking quite beside the point. I wish he would not be quite so jittery about this matter.

Mr. LAPOINTE (Quebec East): So what?

Mr. WOODSWORTH: So jittery; so frightened.

Mr LAPOINTE (Quebec East): That is another word I do not know.

Mr. WOODSWORTH: So nervous. Jittery is a word used a great deal on the street these days, and I commend the minister to look it up in some of the slang dictionaries. I wish the minister would not go off on a tack and make remarks that are quite beside the point. Let me repeat: Far from trying to intimidate the government, I have not even a motion to propose, and I had no idea of asking for disallowance. I stand here to

bring before the house some grievances of the people of Canada, and I think the minister—who has some streaks of Liberalism in him, anyway—will not deny me the right to do that.

Mr. LAPOINTE (Quebec East): We all have some streaks of something.

Mr. WOODSWORTH: The question has been raised as a point of order. I looked up another case away in the past having to do with this same question of the Jesuits' Estates Act, to which the leader of the opposition referred. My reference, however, has nothing to do with the famous speech of Sir John Thompson. My reference is to a subsequent debate the following year, on April 30, 1890. On the motion to go into supply Mr. Charlton said:

> Before you leave the chair, sir, I wish to place in your hands a motion of which I gave notice a few days ago, with a few slight changes in the verbiage, with reference to submitting the Jesuits' Estates Act to the Supreme Court of Canada.

After a number of whereases the motion concluded:

> This house is of the opinion that the question of the constitutionality of the said act should have been submitted to the Supreme Court of Canada, in pursuance of the powers conferred by the Supreme and Exchequer Courts Act, when the question could have definitely been determined by such court.

Here you have the curious case of a member of the house, after disallowance had been refused, rising in his place the following year to bring in a motion of want of confidence in the government. This was done on going into supply in connection with a matter that had been settled already.

Mr. DUNNING: Quite right.

Mr. WOODSWORTH: To-night I am rising to urge upon the government that in view of a situation which exists, in view of the suffering being caused to citizens of this country, consideration should be given to these grievances. The minister says that he is not able to answer me. I am sorry if he will not answer what I have to present. All I can do is to petition the government, and it is for the government to say whether they will listen to me, whether they will say nothing in connection with the grievances which I am bringing forward. That is for the government to say. I cannot instruct the minister even in that small matter. That must be determined by his own conscience and by expediency.

Mr. LAPOINTE (Quebec East): It is determined by the constitution.

[Mr. Woodsworth.]

Mr. WOODSWORTH: I cannot force the minister to speak, but I rather resent what he said when he referred to the house interfering in this matter. What is this house except a forum in which we can discuss the affairs of this country? Why am I sent here if not to bring grievances, if such exist, to the attention of the house?

Mr. LAPOINTE (Quebec East): There is no grievance here.

Mr. WOODSWORTH: The duty of this house is to guard the people's liberties. When anything affects those liberties, such as the existing arrangements in Quebec, then I have the right to defend those liberties. I would be recreant in my duty as a member of this house if I failed to do that.

I brought up this matter some fourteen months ago, and the minister promised that he would take it under consideration. Outside of asking one or two questions, we have refrained this session from bringing before the house these grievances which affect a very considerable section of the people. I do not think we should be asked to refrain any longer. All I am doing is to present the case, and the minister can choose whether he will say anything in answer. He can continue his stony silence if he likes; that is for him to decide. However, I want to make it clear from the very commencement of my remarks that I am not asking him to state whether he is going to ask for disallowance. My plea last year was not for disallowance; it was for the reference to the supreme court of a very troublesome matter.

On March 30 of last year I brought this matter to the attention of the house. I do not want to repeat the speech I made at that time, but let me quote shortly from Hansard of that date, as follows:

> Premier Duplessis in introducing the bill stated, according to the Gazette of March 18, that since the parliament of Canada repealed section 98 of the criminal code, there was no means of preventing communist meetings. I submit that that statement in itself is an admission that that legislation is an indirect attempt to legislate in the field of criminal law, and as such it is in reality ultra vires. The important sections are 3 and 12. Section 3 reads:
>
> It shall be illegal for any person, who possesses or occupies a house within the province, to use it or allow any person to make use of it to propagate communism or bolshevism by any means whatsoever.
>
> And then section 12:
>
> It shall be unlawful to print, to publish in any manner whatsoever or to distribute in the province any newspaper, periodical, pamphlet, circular, document or writing whatsoever propagating or tending to propagate communism or bolshevism.

I pointed out to the minister then, and I do so again to-night, that communism was not defined in the act. In the upper house in the course of a debate one member sought to identify communism and socialism. The premier said there would be little difficulty in making decisions, for communism could be "felt." That really means that any one whom the premier does not like may be termed a communist. For example, the premier stated that Mr. Joseph Schubert was a communist. Mr. Schubert is an alderman of the city of Montreal. I pointed out at that time that there were two courses which the government could take. Either they could disallow, or they could refer the legislation to the supreme court. I drew attention to some of the evils that were likely to follow if this legislation remained on the statute books, a number of which evils have already come about. I pointed out that if this legislation remained in force, all bibles might be seized and destroyed and all churches padlocked.

Mr. DUPUIS: Have they been?

Mr. WOODSWORTH: Their distribution has been prevented. I suggested that some of the passages from the writings of the early Christian fathers might not be permitted under the terms of that act. I referred to many of the reformers in Great Britain who could be termed communists under this legislation. I suggested that it might be possible to padlock McGill university. That has not been done as yet, but certain individuals have not been permitted to speak at that university. I suggested that it was indeed fortunate that this House of Commons was situated where it is because even our library might be padlocked.

The Minister of Justice did not give a very satisfactory answer at that time. Speaking as a responsible member of the government he said:

> For many years the power of disallowance has not been resorted to by the government of Canada.

The minister referred to the fact that the power of disallowance of dominion legislation by the imperial parliament no longer existed. He continued:

> I would not say the same condition would apply to provincial legislation, but it has often been stated by the courts that within the sphere of their own jurisdiction the provincial legislatures are sovereign. I do not think that in a federation such as this the power of disallowance could easily be exercised by the central government. I believe the provincial legislatures feel that they are still supreme and sovereign within the sphere of their jurisdiction.

He rather laughed at my suggesting that this legislation should be referred to the supreme court.

I believe that fundamentally the case which I presented some fourteen months ago still stands. At that time the Minister of Justice promised the most serious consideration of this matter. If he has been giving effect to that promise, his mental processes must be working very slowly. I suggest that they must work more rapidly if a great injustice is not to be done to still greater numbers of our Canadian citizens.

Since March of last year events have moved on, and there have been many applications of the act. The organization to which I belong has been called into question. In Le Canada of October 26 there is a report of an interview which Mr. Duplessis gave in connection with the padlock law. During that interview he said:

> If the law was worthless why has the C.C.F. and other movements of communist inspiration opposed it so strenuously for the past year?

And so on. If I, a member of the Cooperative Commonwealth Federation, am told by Premier Duplessis that this organization is of communist inspiration and I am thereby brought under this law, it is a pretty serious thing for both myself and the Cooperative Commonwealth Federation. I consider that I have a perfect right to bring my grievance and the grievance of this organization before this house.

Since that time there has been so much opposition to the act that a society has been formed, originating in the city of Montreal but spreading to various parts of Canada, called the Canadian Civil Liberties Union. I notice on their letterhead the names of W. D. Lighthall; Hubert Desaulniers; R. L. Calder; Raoul Trepanier; D. T. Goodwin; J. K. Mergler—not a group of foreign communists but a group of quite well known and highly respected citizens. I think that in itself gives us pause and makes us understand that the situation is a serious one. May I give a few facts gleaned from the bulletins which they send out.

The first action under the "padlock" act (passed March 24, 1937) took place November 9, 1937. Between November 9, 1937, and January 27, 1938, the act was applied fifty times. Four places were padlocked: Clarté (French weekly paper), November 9; the Artistic Print Shop, November 9; the Old Rose Print Shop, November 10; the Ukrainian Farmer and Labour Temple Association (alleged communist school), January 25.

The other proceedings under the act have taken the form of raids, seizures and confiscations.

Among the property not returned on the date when this bulletin was issued are The Vancouver Province (magazine section); the New Commonwealth (official organ of the Ontario C.C.F.); the Canadian Forum; Photo-History; Sales Tax By-Law Information (city of Montreal); copies of Le Jour and Le Canada; speeches of Mr. Lloyd George; copies of the Labour World (published by Gustave Francq until recently chairman of the Quebec Women's Minimum Wage Commission); posters of the Spanish war; books by Dickens and Sydney and Beatrice Webb.

This is a partial list of the books that have been seized, confiscated and not yet returned.

One of the minor comedies relating to the "padlock" act is that one victim had the greatest difficulty in preventing the police from seizing a copy of the Land of the Free on the ground that a book with such a title could refer only to Russia—certainly not to Canada.

According to an official statement by the attorney general's department, raids under the "padlock" act between November 9, 1937, and May 10, 1938, numbered 124; communist—or so-called communist—books seized, 532; copies of Clarté seized, 5,000; copies of the Clarion seized, 1,500.

When it is remembered that not one of the persons or organizations affected has yet been even charged with any offence, let alone convicted, these are formidable totals. Twice every three days, for six months, the provincial police have carried out execution without judgment, dispossession without due process of law; twenty times a month they have trampled on liberties as old as Magna Charta.

On March 30, the Minister of Justice heard counsel for the Canadian Civil Liberties Union (Charlemagne Rodier, K.C., Warwick Chipman, K.C., and J. K. Mergler) in support of the Canadian Civil Liberties Union petition for disallowance of the "padlock" act or its reference to the supreme court.

I should like to read two or three passages from the petition which they submitted because, thinking over the matter, I decided that I could not use language anything like so concise or forceful as they have used. This petition comes from the Canadian Civil Liberties Union, Montreal branch, and says in part:

> This act violates fundamental principles of the Canadian constitution. The preamble to the British North America Act states that Canada is to have a "constitution similar in principle to that of Great Britain." This phrase is based on Quebec resolution No. 3, which speaks of following "the model of the British constitution." Elementary principles of British constitutional government are freedom of speech, of the press and of public meeting subject to the limitations of the criminal law; the right of a man to a fair trial in open court if charged with an offence; a presumption of innocence in the accused until he is proven guilty; and freedom of the home from arbitrary search and interference by executive officers acting without judicial warrant. Every one of these principles, which were part of the compact of confederation, is overthrown by the act in question. Freedom of speech is taken away by the prohibition against the undefined crime of "propagating communism or bolshevism" (section 3). Freedom of the press is destroyed by the prohibition against printing, publishing or distributing any newspaper which commits this undefined offence (section 12). Freedom of association is attacked by the power given to the attorney general to padlock, without judicial warrant or investigation, any building or house he chooses upon his being satisfied that the undefined "communism or bolshevism" has been propagated in it (sections 3-4). The right to trial in open court is taken away because the executive and police officers can padlock a house or confiscate and destroy newspapers, books, periodicals, circulars and other writings without laying charge against anyone in open court. The presumption of innocence of Canadian criminal law is turned into a presumption of guilt because the owner of a padlocked house has the burden of proving his good faith or the non-user of the house for the aforesaid purposes if the padlock is to be removed (section 6); and there is no appeal from the decision of a single judge in this matter (section 9). As for the tenant of the house, who is alleged to have himself committed the offence, he is shorn of all recourse to prevent the execution without judgment decreed against him; and by consequence he may be rendered homeless, and deprived of his ability to earn a living, in his community. Freedom of the home is violated by the extension in practice of the statutory power given to any constable, upon the mere instruction of the attorney general, "of his substitute or of a person authorized by him for the purpose," to seize and destroy any books and papers (section 14); so that all persons in the province are liable to have, and many in fact had, their houses entered and ransacked by police constables, and books and periodicals of every description seized and confiscated, without search warrant and without effective redress being left to the individual whose home is thus invaded. Such a power in the police is contrary to principles of British law as ancient as Magna Carta. It is no exaggeration to say that the padlock act reintroduces execution without judgment, punishment without trial, and dispossession of property without due process of law.

I pause to ask if, when I bring such an indictment against the law that works such a hardship upon the people of Canada, there is anyone who can say that I am out of order in so doing. Further, I think I may challenge the Minister of Justice to remain silent in the face of an indictment of that kind.

Mr. LAPOINTE (Quebec East): The representatives of the Liberty League had a better argument than my hon. friend. He should be satisfied with them.

Mr. WOODSWORTH: I want to read a few more sentences from this document:

The inhabitants of Quebec, no less than the inhabitants of other provinces of Canada, have certain constitutional rights as Canadians.

And again:

The law of sedition can stop all preaching of violence, the law of seditious libel can stop all revolutionary propaganda in newspapers, the law of unlawful assembly can prevent riotous and disorderly meetings. The padlock act in so far as it goes beyond them is itself destructive of the institutions it seeks to uphold.

And again:

The factum submitted by Your Excellency's government to the Supreme Court of Canada in the reference on the Alberta press bill says: "The authority that can impose some restriction on the freedom of the press, a freedom which is in a legal sense now complete, can impose any restriction."

There is the situation. I told the house, at the beginning of my speech, I was not asking for disallowance. But I would point out that disallowance, which was practically ruled out by the Minister of Justice a year ago, has since been made use of by this very government with regard to the Alberta legislation, and there are still some cases pending.

Surely we have not arrived at that stage in Canada when one law applies to one province and another law to another province or, more closely, when the same law can be used in one province and not used in another. I continue my quotations:

Counsel for Your Excellency's government, Mr. Geoffrion, in this case is reported by the Canadian press as adding: "The rights of the public as well as those of the newspaper publishers had to be considered. There was a right on the part of the public to have the channels of information kept open. This right was of the essence of democracy. If the people were to pass judgment on governments, governments could not interfere with the information the people were to receive. Democratic government and a free press were inseparable. Democracy could not function without a free press, and other forms of government could not function with one. Wherever democracy fell, the freedom of the press disappeared. It was the right of the public to obtain information for which people fought in past years in both France and England. Interference with the newspapers of Alberta affected Canadians from coast to coast. People in all parts of Canada were entitled to know what was happening in every other part and what the people of other parts were saying. They were also interested in having people in other parts know what they were saying. If a province could control the newspapers at all it could establish complete control. The bill before the court, if held good, might be a forerunner to the complete domination of the newspapers in any province by the provincial government, to the licensing and control of reporters for papers outside the province, and to the placing of policemen at provincial borders to stop information from going in or out."

The petition comments:

All this is as applicable to the padlock act as if the learned counsel had been discussing that act in set terms.

Emphasis is given to some points that I have already raised.

. . . the padlock act appears to be a clear invasion of a field of jurisdiction exclusively assigned to the dominion parliament. . . . Sections 3 and 4 of the padlock act clearly create a new crime and provide a penalty for it, though the padlock act seeks to evade the provisions of the British North America Act by leaving that crime undefined. . . . Sections 12, 13 and 14 of the padlock act, in addition to creating a new crime, restrict and regulate the freedom of the press. Such legislation it is submitted, is ultra vires the province on three grounds, set forth in the factum submitted by Your Excellency's government to the Supreme Court of Canada in the reference on the Alberta press bill.

The grounds are then set out. I believe I shall not go farther with this document. It is in the hands of the minister. I wish it had been possible to put it earlier in the hands of every hon. member. All of us should know the seriousness of the situation.

May I point out that many protests against the legislation have been coming in. One came from a committee of the Canadian Bar Association. There was one from the Social Service Council of Canada. I have had scores from all kinds of labour organizations. I submit the government cannot possibly escape its responsibility in the matter.

Only a year ago the Ottawa Journal spoke in these terms:

Actually, this bill is not aimed against lawlessness. It is aimed against liberty, against liberty to write and speak, to discuss and debate. It is a vicious law because:

1. It enables an executive officer to punish a man (by padlocking his house) before any court has found him guilty.

2. It puts the burden of proof of innocence on the person thus attacked.

3. It bars any appeal from the decision of a single judge of the superior court.

4. It enables any peace officer to seize literature, not only of a communistic sort (with interpretation of what constitutes communism left to the government) but also of a sort "tending to produce communism."

The Financial Post, which is not a particularly radical paper, has this to say in an article headed, "Personal Liberty Worth Preserving":

> Communism is an economic and social theory which is offensive to a great many people. But those who believe in communism have as much right to present their point of view to the public as those who believe in capitalism, a competitive economy, or state socialism . . . There are some things worse than the propagation of new and even unpleasant and unsound doctrines. Among them are the tyranny of the state and the loss of personal liberties.

I was interested in reading an article in the Montreal Star, from which I took two or three extracts. My colleague suggests that this is another communist paper! Reference is made first of all to the situation in the United States:

> Written right into the constitution of the United States is the following clause:
> "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances."
> Great Britain has no written constitution. But she has a very definite and well understood unwritten constitution, established by usage and "broadened down from precedent to precedent." In this constitution there is no more firmly fixed principle than the freedom of the press.

Now we come to Canada:

> We are the legitimate heirs of England's slowly shaped postulates of justice, of her imposing framework of court practice and legal axioms, of her many blood-bought bulwarks of liberty from Magna Charta down.
> Is it not a fair inference to say that we are also the heirs of her three most signal achievements in establishing freedom within her borders, free speech, freedom of conscience and a free press? Are they not as much a part of our constitution as if they had been written into its folios?

And one sentence from the Free Press of my own city:

> There is no guarantee of freedom so long as that threat exists; and in the absence of a Bill of Rights embodied in our constitution, the solution for lack of a better one rests in active and stringent use of the powers of disallowance of provincial legislation vested in the federal government.

Yes, this further one:

> The responsibility that lies upon the dominion government is therefore very great. Its power of disallowance is relatively unimportant in so far as provincial laws are concerned which are merely ultra vires. In such cases there rests an adequate appeal to the courts. But it is in other fields, where the fundamental liberties of the citizens are threatened by laws legally passed by provincial legislatures, that the danger lies.

[Mr. Woodsworth.]

I cannot but think how different is the general indifference in this country to the passing of this kind of legislation to the keen interest shown in the motherland in preserving fundamental liberties.

Let me read a few words of the Secretary of State for the Home Department, Sir John Simon, upon introducing legislation which would help control the difficulties met by all governments these days. Sir John said:

> If honourable members will take a broad view of the events of the last few years it will be agreed that since the war developments in Europe have tended to let loose extremist doctrines—whether doctrines of the Right or the Left does not matter—which in their application have this special quality, that are essentially intolerant and determined to browbeat and overthrow contrary doctrines. The adherents of these doctrines deny the right of others to hold different opinions. If they succeeded they would do their utmost to stop the expression of different opinions. In the meantime they are ready, if not to use, at least to display force to spread their own views. In contrast with this the great characteristic of British political life is its tolerance. All the things which we prize—freedom of opinion, freedom of speech, and freedom of meeting—are all based on our conception of political and civic toleration. . . .
>
> I am not discussing whether it is communists who make fascists or fascists who make communists. That is not the point. The point is that we should do our best to act evenhandedly in the matter and base ourselves on general principles.

That is all that I ask from this government. I am quite confident that the Minister of Justice must be stirred by an appeal to the traditions of Liberalism, but I would say to him that he cannot avoid the heavy responsibilities which are placed upon him in his position to-day.

An hon. MEMBER: He can take the responsibility.

Mr. WOODSWORTH: Well. I assume he must! I have said that again and again. But we have had fourteen months of waiting; fourteen months during which there have been these arrests, which I think most of us would call illegal arrests; fourteen months in which there has been suppression of freedom; fourteen months in which homes have been closed; fourteen months in which people in one province in this dominion have not been allowed to exercise their inherent rights as British subjects. How much longer are we going to wait? It is said, "Let the minister decide." Of course, he will have to decide; the government will have to decide. But as I said in my opening remarks, I am here to present these facts in the parliament of Canada where I think they should be

presented. I am here to plead with the Minister of Justice and the government, that they refer this matter to the Supreme Court of Canada and thus give relief to a numerous class of the citizens of Canada.

Mr. L. D. TREMBLAY (Dorchester): I must express surprise at the remarks of the hon. member for Winnipeg North Centre (Mr. Woodsworth), who certainly has no mandate whatever to express the feeling of the province of Quebec, but who seems so much interested in something that has happened in that province. We in this house—quite a few of us—who have been elected by the citizens of the only French province in this confederation think we are authorized to speak in the name of our constituents. I realize perfectly well that I am just a young member of this house, elected for the first time in 1935. Before coming to this house I was aware that Winnipeg North Centre had a brilliant representative in parliament, but we never thought he was authorized to speak in the name of our province.

Mr. WOODSWORTH: I rise to a question of privilege. I was not speaking in the name of the province of Quebec; I was speaking as a citizen of Canada.

Mr. TREMBLAY: I like to hear my hon. colleague say what he has just said, but I contend that we in the province of Quebec are certainly as much authorized to express our own feeling as is the hon. member for Winnipeg North Centre.

Mr. WOODSWORTH: Quite so.

Mr. TREMBLAY: I am glad the hon. gentleman admits that, and he is only logical in doing so. I have my own personal opinion with regard to the "padlock" law, and the hon. member has a right to his own opinion. I say, however, that after his appeals to bonne entente, to good will among Canadians, he should not bring before the house a question that concerns exclusively the province of Quebec. If a majority of the citizens of my own province think they should oppose those who preach opinions which we do not approve in that province; if they think that we should have such a law, it is up to them because we are still living in a democracy, and while I do not think the majority should dictate, at the same time the will of the majority should prevail.

The hon. gentleman said that the Minister of Justice (Mr. Lapointe) who is from the province of Quebec, should assume the responsibility. I know the hon. member for Winnipeg North Centre well enough to believe he will recognize that we in the province of Quebec have reasons to be proud of the Minister of Justice. Personally I am proud of the fact that in the House of Commons the majority, to whatever party individual members may belong, have recognized the merits, the knowledge and the distinction of our leader in the province of Quebec, the Minister of Justice. Only on Saturday it was my privilege to witness the way in which the Minister of Justice is appreciated on all sides. That is a satisfaction to us. Every one will admit that he has done in the past, is doing now and in the future will continue to do his duty in attempting to unify the nine provinces of the Dominion of Canada. But, in my opinion, it is wrong for an hon. member of this house to rise in his place and discuss a question that concerns more particularly a minority, but an important minority in our great dominion.

In the province of Quebec we are different from our fellow citizens of the other provinces of this dominion. But surely no one in this house will forget that we love British institutions; we are attached to them; we owe our liberty to British institutions. But we do not like that someone outside the province should try to control the opinions of our province. I do not want to express my own opinion of the "padlock" law, but I say to this house, Please do not interfere with whatever the province of Quebec thinks. We still have more confidence in the Minister of Justice than in the hon. member for Winnipeg North Centre, although we appreciate him.

Mr. C. G. MacNEIL (Vancouver North): May I point out to the hon. member for Dorchester (Mr. Tremblay) that the question of preserving our fundamental civil liberties is a question to be determined by this parliament. If we were asked what constitutes the civil liberties we are pledged to uphold in this parliament, we would probably say that in this country we have freedom of speech and expression, freedom of lawful assembly, a free press and generally complete freedom to do anything which is not a quite unreasonable interference with our fellows. An authority on constitutional law states, "The liberty of the subject results from the principle that he may do as he pleases, provided he does not commit breaches of the substantive law or infringe the legal rights of others." May I point out to my hon. friend the words of Mr. Justice Cannon, appearing in Votes and Proceedings of March 4 last, page 48:

> Under the British system, which is ours, no political party can erect a prohibitory barrier to prevent the electors from getting information concerning the policy of the government.

He was referring to Bill No. 9 of the Alberta legislature, entitled "An act to ensure the publication of accurate news and information." He continues:

Freedom of discussion is essential to enlighten public opinion in a democratic state; it cannot be curtailed without affecting the right of the people to be informed through sources independent of the government concerning matters of public interest. There must be an untrammelled publication of the news and political opinions of the political parties contending for ascendancy. As stated in the preamble of the British North America Act, our constitution is and will remain, unless radically changed, "similar in principle to that of the United Kingdom." At the time of confederation the United Kingdom was a democracy.

I ask my hon. friend to note this:

Democracy cannot be maintained without its foundation: free public opinion and free discussion throughout the nation of all matters affecting the state within the limits set by the criminal code and the common law.

He goes on to say further, and this sentence may be of special interest to my hon. friend:

The federal parliament is the sole authority to curtail, if deemed expedient and in the public interest, the freedom of the press and the equal rights in that respect of all citizens throughout the dominion. These subjects were matters of criminal law before confederation, have been recognized by parliament as criminal matters and have been expressly dealt with by the criminal code. No province has the power to reduce in that province the political rights of its citizens as compared with those enjoyed by the citizens of other provinces of Canada.

I submit that this act, the "act to protect the province against communistic propaganda," assented to on March 24, 1937, infringes all these rights which I have mentioned, the right of freedom of speech, freedom of expression and of assembly, the right of presumption of innocence before the law; and on every count does so by flagrant invasion of dominion jurisdiction. Over a year has passed since that law was put into force. Ample evidence has been secured to show the manner of its application and the degree in which it has been employed to violate fundamental democratic rights. According to statistics I have secured from the Civil Liberties Union of Montreal there have been five padlockings and 124 raids and seizures, including two or three in the city of Quebec. And these figures do not include raids and seizures outside the cities of Montreal and Quebec which have been reported in the Montreal Star. In not a single instance have any of the persons or organizations affected been charged with any offence under due process of law, or convicted. These incidents can be described only as acts of terrorism.

[Mr. MacNeil.]

It has been contended by those who defend this legislation that it is necessary to suppress dangerous but undefined communistic or bolshevistic propaganda. I propose to show that in its application it has been seized as a convenient instrument to persecute those whose views do not meet with the approval of the premier of Quebec.

On February 23, Hon. Mr. Bouchard, leader of the Liberal party in the province of Quebec, publicly complained that copies of his newspaper, En Avant, had been seized under the padlock law in a raid in Montreal, and that the provincial police refused to return them. On March 23 some person or persons unknown entered the Montreal apartment of John MacCormac, Montreal correspondent of the New York Times, whose comments on the Quebec situation had been the cause of bitter resentment on the part of the premier of Quebec. Nothing was taken, but Mr. MacCormac's papers were thoroughly searched. The explanations offered by the provincial police were highly unsatisfactory.

Early in April the provincial police invaded the Cooperative Commonwealth Federation provincial headquarters, carefully inspected a display of posters, and issued a warning that the office was under close surveillance. On February 5, a parade of cars with banners in support of the boycott upon Japanese goods, organized by the Quebec Cooperative Commonwealth Federation and the League for Peace and Democracy, was stopped by the "red squad" and the banners confiscated. Several previous parades had been held without interference. Some months ago the chief of police at Quebec city refused in writing to allow the Grande Ligne Baptist mission to distribute the New Testament by colportage. This mission was warned not to hold prayer meetings in private houses, under threats that these private houses would be padlocked. Several raids were made upon the Montreal headquarters of the Canadian friends of the Soviet Union, and the premises were padlocked as a result. The material seized included:

Ten issues of Saturday Night.

Several publications of the Carnegie Endowment for International Peace.

Pamphlets and posters distributed by the Canadian Pacific Railway Company, who are agents of Intourist.

Four copies of Current History, one copy of which was returned, apparently, because it contained no article on Russia.

Eighty issues of The New Commonwealth.

Twelve issues of The New Republic.

Pamphlets containing the speeches of Major A. S. Hooper of London, England delivered before the Military Institute of Canada at Victoria.

A projector for slides and film strips.

Four thousand letterheads of the World Committee of Friends of the Soviet Union, and some of its envelopes.

Reports of the 1936 and 1937 congresses of peace and friendship in London, England.

A framed coloured view of the city of Tiflis, and another of a cathedral at Leningrad.

In addition, they took the trousers and small change of the unfortunate secretary.

In Montreal in February the community hall of the Church of all Nations, United Church of Canada, was visited by four detectives who seized publicity material relating to a concert. It was stated then that they intended to close up what they called "Katsunoff's International Brigade," by which they evidently meant the International Brotherhood, one of the religious activities of the church under the superintendence of the Rev. R. G. Katsunoff, D.D. Now that is the direct application of the law.

It has not been directed only at those suspected of communistic activities. May I indicate a few of the trade union officials whose homes have been raided under this act: Among others, the Jewish cultural centre and the Young Communist League; A. Perrault, E. Coté and Victor Larouche, president, secretary and officer of the Quebec Federation of the Unemployed; Alex. Gault, delegate of the Plumbers' Union to the Montreal Trades and Labour Council; Sidney Sarkin, business agent of local 116 of the Amalgamated Clothing Workers; Abraham Rosenberg, official of the same union and delegate to the Jewish Congress of Culture in Paris, 1937; and E. Mitchell, financial secretary of the Amalgamated Association of Iron, Steel and Tin Workers. All these were between January 11 and 14. Others were: C. Perry member of the Cooperative Commonwealth Federation, provincial council and organizer for the Montreal district; Adelard Duval; Paul Gauthier; Napoleon Nadeau; L. Vallières; L. Shaip; Berthe Caron; Georges Caron; Willibrod Couturier, president of the Butchers' Union; the Jewish Workers' Library; E. Robert, and Lucien Dufour, president of the Amalgamated Association of Iron, Steel and Tin Workers and business agent for the Committee of Industrial Organization. So I might submit a long list indicating how trade union officials have had their homes invaded without due process of law.

There has been a further form of intimidation which has made it difficult for proprietors of public halls to permit ordinary meetings to be held. On February 10, Reverend R. B. Y. Scott, professor of the United Church theological college, was informed that a meeting which he was to have addressed, on The Perils of Fascism in Quebec, had been cancelled because the proprietors of the Jewish Educational Institution, where it was to have been held, had been visited by an investigator, apparently from the provincial police, and they feared that their building might be padlocked. A week earlier a similar meeting which was to have been addressed by Mr. J. K. Meigler, counsel for the Civic Liberties Union, also had been cancelled on similar grounds. Doctor Scott, on behalf of the Civil Liberties Union, also applied for permission to use the hall of the Montreal high school for a meeting of members of the union. The principal gave her consent, but the assistant superintendent referred the matter to the officials of the Protestant board of school commissioners. Permission ultimately was rejected on the ground that the high school might be padlocked.

As hon. members are aware, two months ago the McGill university social problems club arranged a series of meetings at which representatives of all parties were to present their views. Mr. Arcand, leader of the fascist party, had spoken. Mr. Tim Buck of the communist party was to be next. The students' council, however, refused the use of McGill Union for fear it would be padlocked. The student body has since voted unanimously for the repeal or disallowance of the "padlock" act and has requested the university authorities to restore freedom of discussion on the campus. It has been contended by Mr. Duplessis and others that this law is similar to the padlocking of disorderly houses. They have omitted to add, however, that disorderly houses can be padlocked only if their owners are convicted, in open court, of a defined offence.

I wish to direct attention to the character of the men who have courageously led the opposition to this infamous law. As the hon. member for Winnipeg North Centre (Mr. Woodsworth) has mentioned, Doctor Lighthall is president of the union. I wish to refer also to Mr. R. L. Calder, K.C., who has publicly declared his intention to devote the balance of his career to the fight in defence of civil liberties. I had the pleasure of making the acquaintance of Mr. Calder years ago and heard him make an eloquent and impressive plea before one of the largest gatherings of ex-service men ever held in the

dominion. At that time he pleaded for a better understanding of the problems of the French-Canadian people, and made a noteworthy contribution toward allaying the bitterness which was in evidence at that time, arising from the conscription issue. I consider it to be quite consistent with the ideals which he championed at that time that he should now appeal to the Canadian people in terms of Canadian unity and in defence of the liberty of the subject.

May I quote from an editorial appearing in the Winnipeg Free Press, which says:

> No recent visitor to Winnipeg has made so deep an impression upon the public mind as Mr. R. L. Calder, K.C., of Montreal; nor is it easy to remember a case pleaded with more cogent force than his plea for the federal disallowance of the infamous Quebec padlock law which—make no mistake about it—is a matter of deep concern to the whole dominion. . . . The padlock law strikes at the heart of those civil liberties without which Canada cannot exist; and without which, it is pertinent to point out, the guaranteed position of Quebec itself in confederation would become untenable. The principle of the padlock law is two-edged. Its present form may, or may not, command the admiration of the majority of the people of Quebec. But in another form it may take a shape which would be distasteful and repugnant to them who, having swallowed the first, would perforce accept the other also. . . .
>
> Mr. Calder is not a communist or an atheist. He is a native of Quebec province, a Roman Catholic, a student of both Laval and McGill universities, a believer in capitalism, a distinguished member of the Quebec bar, a former crown prosecutor of the city of Montreal. He joined the C.E.F. in 1915, and won the military cross at Amiens when serving with the 13th Highlanders. . . . This is not the record of a fly-by-night agitator out to destroy the structure of Canadian society. It is the record of a Canadian citizen of whom this country has every reason to be proud. He has lived in Quebec province all his life, and it is because of this history that his argument commands very special attention.

Similar editorials appeared in practically all the principal dailies across western Canada. I submit, Mr. Speaker, on these grounds, that this action on the part of the Duplessis government is a direct challenge to the principles of Liberalism professed by the hon. gentlemen who sit on the treasury benches. It is more than that; it is a direct challenge to our democracy and national unity. I submit further that there is only one appropriate answer which the Minister of Justice (Mr. Lapointe) can give to our plea; that is, the assurance of definite protection for those who have been deprived of those fundamental civil liberties guaranteed them under our constitution.

Mr. J. A. BRADETTE (Cochrane): Mr. Speaker, coming from northern Ontario where we have had to deal sometimes with strikes and labour troubles, I must state at the outset that I am absolutely intolerant of intolerance. I have listened attentively to the previous speakers, and I must say that in some particulars I believe the padlock law now under discussion goes too far, while in other particulars it does not go far enough.

As far as I am concerned I shall never have any patience with communism, for a very simple reason. It is a poison which is absolutely foreign to the mentality of the great majority of the Canadian and British peoples. It is of no use for us to try to delude ourselves with the belief that communism is simply a political philosophy. It goes much deeper than that. I have not the intention of analysing the studies of Karl Marx as they were applied in the Russian revolution, nor have I any intention of discussing the causes of that revolution. If the leaders at that time had been satisfied to try their experiment in their own country, that would have been satisfactory to me. But the leaders of the Russian revolution made it a religion; they decided that they were going to spread that gospel into every section of the civilized world, and they have their apostles here.

Mr. WOODSWORTH: Mr. Speaker, a few moments ago a reference was directed to me. I should like to know whether or not this reference is also directed to me.

Mr. BRADETTE: During the twelve years I have been in this house, Mr. Speaker, I have never made a personal allusion.

Mr. WOODSWORTH: I am glad to hear that.

Mr. BRADETTE: I repeat that communism was a virus that might have been satisfactory to a small minority of the Russian people—

Mr. SPEAKER: Eleven o'clock.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

END OF VOLUME III